

FBIS**DAILY REPORT
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CPC SPOKESMAN ON FOREIGN PARTY RELATIONS

OW031255 Beijing In Russian to the USSR 1800 GMT 1 Apr 86

[Text] Wu Xingtang, spokesman of the International Liaison Department of the CPC Central Committee, said on 31 March: The issue of resumption of party relations between China and the Soviet Union cannot be placed on the agenda at present. Wu Xingtang made these remarks when answering reporters' questions at a press conference in Beijing on 31 March. He said the issue to be solved now in Sino-Soviet relations is that of eliminating the three obstacles to normalizing relations between the two states.

Speaking about relations between the CPC and East European communist parties, the spokesman said that the CPC is ready to exchange views with the communist parties of these countries and establish relations with them on the basis of the principles of independence and sovereignty, full equality, mutual respect, and noninterference in each other's internal affairs. He added that it is gratifying that in the last few years multilateral contacts have increased greatly between China and East European countries.

PRC HOSTS INTERNATIONAL HYDROPOWER SEMINAR

HK040421 Beijing CHINA DAILY in English 4 Apr 86 p 2

[By staff reporter Li Huahong]

[Text] Hangzhou -- A major international seminar on the development and use of small hydropower stations opened here this week, giving experts from about 40 countries and regions a chance to swap experiences and technical information. The meeting is being held at a time when the whole world is placing greater emphasis on hydroelectric power and the Chinese Government is paying attention to the development of small hydropower stations to supply its vast rural areas. Yang Zhenhual, vice-minister of Water Resources and Electrical Power, said during his opening speech. The conference is co-sponsored by the Hangzhou-based Asian and Pacific Regional Centre for Small Hydropower (known as HRC) and the British magazine INTERNATIONAL WATER POWER AND DAM CONSTRUCTION.

HRC, whose foundation in 1981 was assisted by the United Nations Industrial Development Organization, is the centre of the Asian-Pacific regional small hydropower network, which now has 17 members. It carries out research, trains personnel, provides consultancy services and collects data. The magazine, which was set up 100 years ago and circulates in about 100 countries, is an authority in this field, according to Zhu Xiaozhang, director of the HRC. The four-day seminar is being attended by 251 specialists, including 101 Chinese, and will hear 35 papers on hydropower.

Alison Bartle, editor-in-chief of the British magazine and the British executive chairwoman of the conference, told CHINA DAILY that since China has pioneered the use of small hydropower stations, it is an ideal location for foreign experts to learn from China's experience and for Chinese experts to learn advanced techniques from the developed nations. She predicted a bigger development of small hydropower stations throughout the world despite the drop in oil prices because hydropower does not cause environmental problems. "Hydropower is a clean and benign source of energy," she said.

In his paper to the conference, Deng Binli, deputy director of the Department of Rural Electrification under the Ministry of Water Resources and Electric Power, noted that China has the highest potential of any country in the world for the development of hydropower. "Medium and small rivers crisscross the whole country," he said.

Of the more than 2,200 counties in China, 810 are supplied mainly by small hydropower stations and more than 279 have more than 10 megawatts of installed capacity. Deng added that more than 100 pilot counties are to be electrified during the next five years with the aim of gathering experience for future rural electrification projects.

U.S. CHANGES MEASUREMENT PROCEDURES OF SOVIET TESTS

OW030858 Beijing XINHUA in English 0832 GMT 3 Apr 86

[Text] Washington, April 2 (XINHUA) -- Previous U.S. estimates of Soviet nuclear test yields were too high and the Central Intelligence Agency (CIA) has changed its procedures for estimating such yields, THE NEW YORK TIMES reported today. Reports said the CIA will lower estimates of the yield of Soviet tests by about 20 percent.

The United States has claimed that Soviet tests had probably violated the Threshold Test Ban Treaty signed in 1974 which limits underground nuclear tests to 150 kilo-tons. Atmospheric nuclear tests were banned by both superpowers in the 1960's. The Soviet Union has denied such violations. The U.S. charges were made on the basis of the CIA previous estimates on the Soviet yield. Asked to comment on the report, White House spokesman Larry Speakes said in Santa Barbara, California later today that the U.S. hasn't changed its method for estimating yields of Soviet tests. However, he added that "as a part of the verification process, we are constantly refining our techniques in an effort to improve our understanding of Soviet testing activities." He said the fact of continuing uncertainties in this area argues for improvement in verification of the Threshold Test Ban Treaty such as that the U.S. has recently proposed to the Soviets regarding on-site inspections.

Speakes again ruled out the possibility for U.S. President Ronald Reagan to meet in Europe with Soviet leader Mikhail Gorbachev on a nuclear test ban. He said this issue should be discussed at an appropriate forum. It should be discussed in a summit between the U.S. and the Soviet Union in the United States this year as proposed and accepted at the summit meeting in Geneva last November, he added.

UN DECLINES TO RELEASE 'SECRET' WALDHEIM FILE

OW031158 Beijing XINHUA in English 1130 GMT 3 Apr 86

[Text] United Nations, April 2 (XINHUA) -- The United Nations will not release to "the proper investigative agencies" a secret file reported to detail the wartime activities of former U.N. Secretary General Kurt Waldheim until governments of the 17-member War Crimes Commission or the government directly concerned with the issue ask the U.N. to do so. A U.N. spokesman said at a news briefing today that "as of now no government has requested access to the file," and even declined to acknowledge the existence of such a file among the 40,000 war crimes commission files kept in the U.N. archives in New York City.

The spokesman's comments came in the wake of yesterday's rally at the U.N. headquarters by four Jewish organizations and some American congressmen demanding the secretary general "make public to the proper investigative agencies all records concerning Kurt Waldheim's hidden past."

Quoting a statement made by the legal office of the U.N. Secretariat last week, the spokesman said that the secretary general is bound, as is the Secretariat, by the rules laid down by the War Crime Commission which stipulate that the Secretariat "cannot be called upon to reply to inquiries regarding persons charged of suspected of war crimes. To change the rules would require a vote by the U.N. General Assembly, certainly not a decision of the Secretariat," the spokesman added when asked if the United Nations could change the rules and provide access to the files in the face of mounting revelations about Waldheim's war-time record in the United States and the Yugoslav press in the past few weeks.

The War Crimes Commission, a panel of representatives from 17 allied nations, including Britain, France, Belgium, India, Norway, Poland, Canada, the United States and China, deposited its records with the United Nations for safekeeping when it was disbanded in 1948. In more than 30 years the United Nations has made public only three files: that on Adolf Eichmann to Israel, and those on Josef Mengele and Klaus Barbie to the United States. The United Nations turned down a request by the United States in 1981 to gain blanket access to all the 40,000 files, the spokesman revealed.

UN YEAR OF PEACE TORCH TO CROSS CHINA

OW031754 Beijing XINHUA in English 1524 GMT 3 Apr 86

[Text] Nairobi, April 3 (XINHUA) -- To mark the U.N.-sponsored International Year of Peace, a torch will be lit at the U.N. headquarters on September 16 and passed from person to person until it circles the earth. Kingsley Dube, regional director of the U.N. Center serving Kenya, the Seychelles and Uganda, announced the plans for the torch relay here today at a meeting for 25 representatives from Tanzania and Kenya who will organize the relay in the Southeast African Region.

The U.S. General Assembly designated 1986 as the International Year of Peace to inspire the spirit of cooperation among people. Dube said all the people in the world want peace and happiness. "Peace is not just talks in the U.N. corridors in New York, Geneva, Vienna, Paris and Nairobi, nor is it only the business of the two superpowers," he said.

According to Dube, the torch, starting from New York, will pass through 39 countries of Europe, Africa, Asia, Oceania, and South America. Its route also winds across China. When it comes back to New York on December 31, the torch will light an "eternal flame." People in every part of the world will be invited to light candles simultaneously as a commitment to the spirit of cooperation. It is estimated that at least one billion people will participate this climactic moment of connectedness. The closing ceremony will be televised live globally.

WU XUEQIAN MEETS U.S. SENATOR DECONCINI 4 APR

OWO40940 Beijing XINHUA in English 0931 GMT 4 Apr 86

[Text] Beijing, April 4 (XINHUA) -- State Councillor and Foreign Minister Wu Xueqian met U.S. Senator Dennis DeConcini and his group here this afternoon. The visitors arrived here April 1 at the invitation of the Chinese People's Institute of Foreign Affairs.

GUANGDONG, U.S. LAWYERS SIGN COOPERATION COMPACT

OWO41043 Beijing XINHUA in English 0849 GMT 4 Apr 86

[Text] Guangzhou, April 4 (XINHUA) -- The Guangdong Lingnan law office has signed a cooperation agreement with the American Buxbaum Bar, XINHUA learned today. The agreement, signed this week, obliges each side to help the other's trustees in lawsuits. The two sides will also jointly undertake cases or act as legal advisors.

Li Kangmin, director of the Lingnan office, expressed the hope that the cooperation between his office and the Buxbaum would be beneficial to foreign and overseas litigants. Lingnan has 47 lawyers, who are concurrently professors, associate professors and lecturers at Zhongshan university's law department. Some have degrees offered by universities in the United States, Britain or France. The office participated in the contract negotiations for Guangdong nuclear power station, a Sino-British joint venture.

Based in California, the Buxbaum Bar has offices in New York, Hong Kong and Guangzhou. Its head, Dr. D. C. Buxbaum is law professor at America's Northwestern University.

U.S. PUSHING TO OUST LIBYA'S AL-QADHDHAFI

OWO40248 Beijing XINHUA in English 0235 GMT 4 Apr 86

[Text] Washington, April 3 (XINHUA) -- The U.S. decision to send ships and planes into the Gulf of Sidra for a military confrontation with Libya is part of an effort to oust Libyan Leader Mu'ammarr al-Qadhdhafi, THE NEW YORK TIMES reported today. The paper quoted sources in Congress and in the executive branch as saying the United States took it for granted that Al-Qadhdhafi would respond with force against the U.S. ship action in the Gulf before the U.S. ships were sent. The TIMES said the United States welcomed the chance to strike back not because it thought the attacks in themselves would deter Libyan terrorism but because they would help convince senior Libyan officers of the folly of Al-Qadhdhafi's policies.

Another part of the U.S. campaign to oust Al-Qadhdhafi was an effort to persuade Egypt to agree to a joint U.S.-Egyptian military operation either to oust Qadhdhafi or to weaken him enough that the Libyan military disloyal to him would do the job, the paper said. According to the report in the TIMES, both the talks with the Egyptians and the clashes in the Gulf of Sidra should be viewed in the context of a "broad" U.S. policy of opposing Qadhdhafi.

"The basic objective is to impose enough costs, in various ways, to force him to change his behavior," the TIMES quoted a senior U.S. official as saying, "If that goal is not met, then the U.S. has considered other measures that could induce a change in government from within the country." However, the paper said European leaders criticized the U.S. attacks against Libya, saying the attacks would only bolster the Libyan leader in the eyes of the Libyan people in his country.

ROUNDUP OF SOVIET SCIENTIFIC, TECHNICAL PROGRESS

OWO31210 Beijing XINHUA in English 1148 GMT 3 Apr 86

["Roundup: Scientific-Technological Progress -- Moscow's Top Priority" (by Zhang Tiegang)
-- XINHUA headline]

[Text] Beijing, April 3 (XINHUA) -- The Soviet leadership has continued pushing ahead with scientific-technological progress, since the party's 27th Congress three weeks ago, as its top priority in the effort to accelerate the country's sluggish economic development. The development of science and technology is being given such an importance by no means as a fortuitous measure but out of imperativeness. Since the early 1970s, the rate of the country's economic growth has obviously slowed down and most targets of three five-year plans have been missed. The failure was attributed mainly to slipping back of science and technology and the obsolete economic-management system on an extensive basis created in the 1930s. The Soviet Union is now at least ten years behind the United States and other major industrialized countries in the west.

This serious situation has driven the Kremlin leadership to the conclusion that "it is impossible to effect cardinal changes with the previous material and technical basis" and "the way out lies in thorough modernization of the national economy on the basis of the latest scientific and technological advances, breakthroughs on the leading avenues of scientific and technological progress, and restructuring of the economic mechanism and management system."

The former Soviet leaders Leonid Brezhnev and Yuriy Andropov had paid no smaller attention to scientific and technological development but they failed to achieve notable results for the lack of effective measures to put their plans into practice. Since becoming the party general secretary last March, Mikhail Gorbachev has taken the acceleration of scientific-technological progress as his number one concern. A party Central Committee meeting last April and the National Conference of Science in June confirmed his determination to speed up scientific-technological advance as the main lever to intensify economic development.

In his speech at the 27th Party Congress, Gorbachev criticised the inertness, stagnation, conservatism and bureaucratic practices for the slowdown of scientific and technological progress. Many institutes, he said, are concerned more about their "departmental interests," and "no few scientific discoveries and major inventions fail to find practical application for years, and sometimes for decades." He asked the party through the congress to fulfill the following tasks: Change the structural and investment policy to speed up the development of research-intensive industries, i.e., to concentrate substantial funds and resources on the industries that play a key role in scientific and technological progress and economic growth. Other tasks include merging research institutions, designing units and industrial enterprises into transdepartmental organizations, further development of the machine-building industry, wider use of computers and overall automation of production and re-equipping existing plants.

Gorbachev called upon the Academy of Sciences and economic departments to pay more attention to basic research and the application of its findings in production. The Soviet leader also stressed the need of joint efforts by the member states of the council for mutual economic assistance in the scientific and technological development.

Moscow also wishes to broaden its ties with developed western countries in scientific and technological field. It has reportedly planned to attract western companies to participate in Soviet construction projects and contracts of this nature involving billions of rubles are under negotiations.

In the past year, the Soviet Government has drawn up and implemented a series of integrated programs and decisions, such as the national modernization program for machine-building industry, the decision to set up inter-sectoral research-and-technological complexes and raising wages for scientific and technical personnel and a long-term scientific and technological cooperation program of Comecon countries. Under these decisions, 200 billion more rubles than the previous ten years would be allocated as capital investment for modernizing and reequipping production in the current five-year plan period and the money to be invested in machine-building industry will be 80 percent more than in the previous five years. At the same time, the Academy of Sciences has set up an information science and computer technologies division to serve the development of computer software and management information systems, and the Soviet Union and other Comecon countries have agreed on further cooperation in electronics, mechanization of production, atomic energy and biological projects.

However, experts said, the prospects of scientific and technological progress in the Soviet Union will heavily depend on the results of economic reforms being carried out in the country. Gorbachev said, "All these tasks are gigantic in scale and significance. How they are carried out, in the final analysis, determines the fulfilment of our plans and the rates of our growth." "Difficulties may arise, and we are not guaranteed against miscalculation either," but the country will move ahead "step by step" along the path already chosen, he added.

XINHUA 'ROUNDUP' ON SOVIET AGRICULTURAL REFORMS

OW021422 Beijing XINHUA Domestic Service in Chinese 0857 GMT 29 Mar 86

["Roundup" by reporter Ju Mengjun: "The Soviet Union Takes a New Step in Reforming its Agriculture"]

[Text] Beijing, 29 Mar (XINHUA) -- After years of stagnation, the Soviet Union now takes a new step in reforming its agriculture. Agriculture has been a weak link in the Soviet national economy. A large sum of foreign exchange has been spent on importing grain to solve food shortage caused by poor grain harvest for 7 consecutive years. In view of the severity of the situation, the Soviet Union cannot but embark on the road of reforming its agriculture.

The Soviet Union explored and wavered on the road of agricultural reform for several years. A plenum of the CPSU Central Committee held in May 1982 approved the "USSR Food Program," which set the task of "ensuring stable supply of various foodstuffs to the people within the shortest possible time." In 1983, the agro-industrial complex was set up at various levels in the country. It is an economic association that consists of agricultural, food industrial, and agriculture-related light industrial departments at the same level, and that maps out unified planning for and exercises management over them. In recent years, vigorous efforts have also been made to popularize a collective contract system in the country. However, these reforms have failed to achieve a breakthrough in the backward agriculture. Gorbachev, general secretary of the CPSU Central Committee, admitted at the recent 27th CPSU Congress: "Agricultural backwardness is being overcome slowly."

Gorbachev emphatically pointed out: "Agricultural departments must undergo a big change." Following are measures for reforming agriculture that were put forth by Gorbachev in his report at the 27th CPSU Congress and by the CPSU Central Committee before and after the congress:

-- Improve the agricultural management system:

Last November, the Soviet Union adopted a "decision on further improvement of the agricultural complex," abolishing the ministry of agriculture and five other departments and merging them into the newly founded USSR State Agro-Industrial committee. Agricultural organizations of all republics, krays, and oblasts should also undergo reorganization and set up appropriate agro-industrial committees. Gorbachev said: "The creation of unified administration organs for the agro-industrial complex at central and local levels is a principled step," which will "ensure the real and effective integration" of agriculture with the branches of industry linked to it. Experiments in some localities show that the integration of basic units of agricultural production has created the possibilities for improving the planning system and centralizing manpower, material, financial, and technological resources, and turned problems that were between departments into those that are within one department.

-- Apply economic means to manage agriculture:

In his report at the 27th CPSU Congress, Gorbachev said: "Agriculture will make a transition to new management methods." A regular meeting of the Politburo of the CPSU Central Committee held on 20 March pointed out: It is necessary to firmly implement the new economic management methods in order to ensure ample food supply to workers. The regular meeting also urged collective farms and state farms to introduce a contract system and economic accounting system. Stressing the importance of an economic accounting system in his report at the 27th CPSU Congress, Gorbachev said that genuine economic accounting and the dependence of an enterprise's income on its final results must become the norm of all links in the agro-industrial complex and, first and foremost, for kolkhozes and soukhozes. According to Gorbachev's report, the state will allocate additional materials in high demand and adopt other measures to stimulate above-plan grain sale to the state.

-- Broaden the decisionmaking powers of farms:

"It is necessary to significantly broaden the decisionmaking powers of kolkhozes and sovkhoses in order to raise their level of interest and responsibility for the final results," said Gorbachev time and again in his report at the 27th CPSU Congress. The CPSU Central Committee and the USSR Council of Ministers recently decided that in order to raise the level of concern of local organs for increasing food production and food supply to the people, they may retain, for their own distribution, meat, powdered milk, and other products after they fulfill the plan for selling such products to the central storages. Kolkhozes and sovkhoses may sell above-plan products and a significant portion of potatoes, fruits, and vegetables through cooperative commerce or farm markets.

These measures will provide greater flexibility to production and marketing of kolkhozes and sovkhoses. From now on, the state will only establish 5-year plans for kolkhozes and sovkhoses for procurement of grain and other agricultural produce. Though annual quotas for procurement of agricultural produce are decided by the state, other matters will be decided by producers themselves.

-- Popularize the family and collective contract systems on a wide scale:

In his report to the 27th CPSU Congress, Gorbachev said: "The contract and piece-work system will be widely disseminated at the level of teams, links, and families." The family contract system had long been regarded as a "non-socialist and backward" operational method in the Soviet Union. Gorbachev's affirmation of the family contract system was a breakthrough in this respect.

-- Improve the wage system, appropriations of funds, and work on economic credit:

As pointed out at a recent regular meeting of the Politburo of the CPSU Central Committee, efforts will be made to improve the wage system as well as the appropriation of funds and work on economic credit of all enterprises run by kolkhozes, sovkhozes, and agro-industrial complexes. Gorbachev also elaborated on this at the 27th CPSU Congress. He said: "We must develop production, increase profits and revenue, and provide work incentives by relying entirely on our own resources. The work on bank credit must be earnestly altered so that it will provide incentives to raising the level of activity of kolkhozes and sovkhozes."

The Soviet Union has taken a new step to reform its agriculture. This will have a positive effect on promoting its agricultural production. However, the fundamental improvement of the Soviet agriculture will depend on more reformative measures to be adopted.

PRC-DPRK RIVER SHIPPING COMMITTEE MEETS

OW031011 Beijing Xinhua Domestic Service in Chinese 1242 GMT 1 Apr 86

[Text] Changchun, 1 Apr (XINHUA) -- The 25th meeting of the Sino-Korean River Shipping Cooperation Committee recently ended in Changchun. During the meeting, both sides discussed problems concerning the management of navigation marks on the Yalu Jiang and dredging of the river course in 1986 as well as other matters. This year marks the 25th anniversary of the Sino-Korean shipping cooperation. Over the past 25 years, China and Korea have developed and built up the Yalu Jiang under the principle of owning, using, and managing the river together, thus ensuring good order on the international waterway as well as shipping safety for the ships of the two countries. When the meeting was in session, members of the Korean Delegation visited Changchun, Jilin, Beijing, Xian, and Guangzhou.

U.S. TO ENHANCE MILITARY CAPABILITY IN SOUTH KOREA

OW031701 Beijing XINHUA in English 1642 GMT 3 Apr 86

[Text] Beijing, April 3 (XINHUA) -- The United States and South Korea have agreed to enhance the U.S. military capability in South Korea against what they called the northern provocation, according to reports reaching here Thursday. U.S. Defense Secretary Caspar Weinberger and his South Korean counterpart Yi Ki-raek said in a joint statement issued after a two-day security meeting that the U.S. and South Korea will continue to upgrade their defense posture by introducing new weapons and holding joint military maneuvers. The two defense officials agreed that the "security" of South Korea "is pivotal to the peace and stability of Northeast Asia which, in turn, is vital to the security of the United States," the statement said. The 13-point statement claimed that the United States and South Korea cannot "tolerate" any "provocation against them."

Weinberger, who arrived in Seoul Tuesday for the 18th U.S.-South Korean Military Consultative Meeting, timed his visit to coincide with the annual U.S.-South Korean joint military exercises dubbed "Team Spirit '86."

The Democratic People's Republic of Korea (DPRK) Thursday denounced the annual U.S.-South Korea military consultations as heightening tension in Korea and obstructing the course of the country's peaceful reunification. Pyongyang has repeatedly accused Washington and Seoul of worsening North-South relations by staging the joint military exercises. The DPRK suspended all three dialogues through which the two sides have channelled their economic, Red Cross and parliamentary contacts after the "Team Spirit" military maneuvers began in early February. It also rejected Seoul's proposals for resumption of the three discussions, saying that it cannot consider the proposals as long as Seoul and Washington continue with their war games.

Weinberger and his 12-member delegation left Seoul for Japan Thursday afternoon to continue a two-week Pacific trip, which also includes Thailand, Australia and the Philippines.

ZHANG JINGFU MEETS AUSTRALIAN BUSINESSMAN

OW031440 Beijing XINHUA in English 1436 GMT 3 Apr 86

[Text] Beijing, April 3 (XINHUA) -- Chinese State Councillor Zhang Jingfu met here today John Gough, chairman of the Pacific Dunlop Ltd. of Australia, and his party. During the meeting, Zhang expressed appreciation for the continued efforts of the Pacific Dunlop Ltd., one of the largest industrial development corporations in Australia, to promote Sino-Australian trade and economic cooperation. After the meeting, Gough and senior executives of the China National Silk Corporation and the Beijing International Trust and Investment Corporation signed an agreement on setting up an economic development company.

SHANDONG, SOUTH AUSTRALIA FORM SISTER CITY TIES

OW031726 Beijing XINHUA in English 1651 GMT 3 Apr 86

[Text] Jinan, April 3 (XINHUA) -- China's Shandong Province and the state of South Australia today formed ties of sistership with the support of the government of the Commonwealth of Australia and Chinese Communist Party leader Hu Yaobang. Shandong Governor Li Chang'an and John Charles Bannon, visiting premier of the Australian state, signed the agreement.

Li said Shandong has abundant resources of petroleum and nonmetal minerals, cotton and other farm and sideline products, manpower and markets, and the potential for economic cooperation with foreign countries is great. Bannon said that the Australian Government has decided to take Shandong as a target province under its "China Action Plan". The State of South Australia plans to conduct cooperation with Shandong in 14 fields, including improvement of alkaline soil, animal husbandry, wine and beer making, telecommunications iron and steel, and the textile industry.

At talks held this afternoon, the two sides agreed to start cooperation with animal husbandry and the process of farm produce, textiles and aquatic products. Bannon and South Australian trade delegation he is leading will tour Shandong until April 11.

ASEAN DISCUSSES CGDK'S 8-POINT PROPOSAL

OW031923 Beijing XINHUA in English 1831 GMT 3 Apr 86

[Text] Manila, April 3 (XINHUA) -- Vice-President of the Coalition Government of the Democratic Kampuchea (CGDK) Khieu Samphan said here this afternoon that discussion on the CGDK's eight-point proposal by senior officials from the Association of the South-east Asia Nations (ASEAN) were fruitful. He made this comment after attending today's meeting of the ASEAN senior officials. He told the newsmen that he had elaborated in the meeting on the CGDK's eight-point proposal.

The CGDK's proposal put forward on March 17 called on Vietnam to make a two-stage withdrawal of its troops from Kampuchea and for a four-party negotiation by the three resistance factions and the Heng Samrin regime for the setting up of a four-party coalition government for Kampuchea. Khieu Samphan said there was very helpful exchange of views. The ASEAN officials "are very supportive to the proposal," he added. Asked what the next step the CGDK will take, he said "we will try our best to contribute to the political solution to the Kampuchean problem" by combining struggle on the ground with efforts to gain more and more support from the part of the international community."

The ASEAN senior officials began their meeting this morning under the chairmanship of The Philippine Vice Foreign Minister Jose Ingles. The meeting which is scheduled to close tomorrow concentrated its afternoon session on the discussion of the Kampuchean problem. The CGDK delegation attended the afternoon session.

PHILIPPINES DISCUSSES FOREIGN DEBT OPTIONS

OW031943 Beijing Xinhua in English 1844 GMT 3 Apr 86

[Text] Manila, April 3 (XINHUA) -- Philippine President Corazon Aquino did not rule [out] selective repudiation of foreign debts as a "possible option" and she has an "open mind" on the issue, Finance Minister Jaime Ongpin said here today. According to Ongpin, the Philippine Cabinet remains divided whether to adopt a selective repudiation of foreign debts as a national policy.

Ongpin told newsmen the issue of selective debt repudiation was discussed in yesterday's Cabinet meeting presided over by President Aquino but Cabinet members failed to come out with a consensus. He said the president opted to make a decision upon the return of Ongpin and Central Bank Governor Jose Fernandez, Jr. from their two-week trip to the United States and Japan.

Ongpin and Fernandez will leave for Washington on April 6 to discuss with foreign lenders for a new standby agreement and the restructuring of the country's remaining unstructured debts. Ongpin said a big number of Cabinet members led by Economic Planning Minister Solita Monsod favors non-payment of a portion of the country's 26 billion dollar debts, arising from overpricing of equipment and goods which foreign firms sold to the country. According to Monsod, local projects with Japanese funding were mostly overpriced.

The favorers of selective debt repudiation argued that there was "bad faith" and conspiracy" in this kind of foreign loans. But Ongpin said he and Fernandez opposed the proposed selective debt repudiation, saying that they were against any "stridently aggressive posture".

Fernandez, meanwhile, said he favors filing of court charges against local officials and businessmen, who either diverted portions of its foreign loans or received commissions from foreign firms, out of "patently fraudulent contracts". He said a selective debt repudiation would make the Philippines a virtual "leper" in the international financial community as foreign lenders would refuse extending new credit lines to the country. In filing court charges, he said the government would not hesitate to include "erring" foreign firms, should available evidences prove they conspired with local officials and businessmen in any fraudulent contract, fund diversion or bribery.

PHILIPPINES HOPES FOR NEW STANDBY AGREEMENT

OW032035 Beijing XINHUA in English 1953 GMT 3 Apr 86

[Text] Manila, April 3 (XINHUA) -- The Philippine Central Bank Governor Jose Fernandez, Jr. and Finance Minister Jaime Ongpin will leave for Washington on April 5 for talks on April 7 with officials of the International Monetary Fund (IMF) for a new standby agreement from foreign lenders.

Jose Fernandez, Jr. said here today that their mission is to negotiate with IMF officials whether they would present a new economic recovery program or continue with the present one. The present standby agreement would end on October 17, 1986 and a new one is deemed necessary, since the country is still incapable of paying the more than 25 billion dollars in external debt.

In a separate press conference, Ongpin said he favors a new agreement because the old one is "too constrictive, restraining possible growth". He said he and Fernandez would have to come out with a new program. Fernandez said he and Ongpin will also confer with IMF officials for the setting-up of a mini-consultative meeting of donor countries in mid-May in Japan.

From Washington, Fernandez said he and Ongpin would proceed to New York to confer with the 12-bank advisory committee to set the stage for the granting of the last two of the 615 special drawing rights (SDRS) standby credit which the IMF has extended in 1984. He said he and Ongpin would sign an agreement for the restructuring of the remaining nine percent of the country's public sector debt, amounting to 330 million dollars. He said the restructuring of public sector debts, estimated at around 5 billion dollars, ends in September 30, 1986. He said the Philippines would also renegotiate for a possible extension of the three billion dollars in trade credit which had a two-year term and would end in end-1986.

Fernandez also said the Philippines would also negotiate with the foreign lenders the restructuring of six to seven billion dollars in public and private sectors loans that would mature from 1987 to 1990. He expected the Philippines would complete its drawings of the standby credit and the restructuring of all loans that would mature by end-1986.

PRC, UK AGREE ON HONG KONG GATT MEMBERSHIP

HK030643 Beijing ZHONGGUO XINWEN SHE in Chinese 1228 GMT 2 Apr 86

[Text] Beijing, 2 Apr (ZHONGGUO XINWEN SHE) -- Spokesman for the Chinese Foreign Ministry Ma Yuzhen today said China and Britain have agreed to adopt specific measures to ensure that the Hong Kong Special Administrative Zone will continue to retain its status as a member of the GATT, but no details about these measures is available for the moment.

The Sino-British Joint Liason Group Group issued a communique on 14 March after its third meeting. The communique said: The Joint Liaison Group has further discussed what arrangements are to be made to ensure that the Hong Kong Special Administrative Zone will continue to retain its GATT membership and to take part in the international textile trade. The Chinese and British sides have also reached unanimity on the method and procedures to be adopted, and have agreed to take some specific measures regarding of this matter.

Referring to a statement made by Ke Zaishuo in Kong Kong, that China and Britain had already reached an agreement on Hong Kong's GATT membership, which would not be publicized before its submission to the GATT secretariat, a reporter today asked whether the secretariat had made any concrete reaction yet. Ma Yuzhen made the above remarks in response.

HU YAOBANG, ITALIAN MINISTER DISCUSS COOPERATION

OW031249 Beijing XINHUA in English 1239 GMT 3 Apr 86

[Text] Beijing, April 3 (XINHUA) -- China's top Communist Party leader Hu Yaobang expressed his satisfaction with the relations between China and Italy at a meeting here today with Italian Minister of Labor and Social Security Gianni de Michelis.

The bilateral cooperation in trade, economy and technology has developed greatly over the past few years, he added. He hoped that the trade volume of the two countries would continue to increase. There is still room for China to carry out economic cooperation with other countries, but the cooperation must develop steadily.

The view that overestimates China's market and the view that China is decreasing its economic cooperation with foreign countries are mistaken, he said. Michelis said that cooperation between the two countries has been conducted in many fields, and his ministry has cooperated well with the Chinese Ministry of Labor and Personnel in vocational training.

Present on the occasion was Zhao Dongwan, Minister of Labor and Personnel. The Italian minister will leave for home tomorrow.

QIAO SHI MEETS BRITISH LABOUR PARTY VISITORS

OW031525 Beijing XINHUA in English 1505 GMT 3 Apr 86

[Text] Beijing, April 3 (XINHUA) -- Qiao Shi, Political Bureau member of the Chinese Communist Party Central Committee, met here today two visitors from the British Labor Party.

The visitors are Stuart Holland, member of the Parliament and representative of the Labor Party leader Neil Kinnock, and Ken Coates, member of the labor party and a noted activist of peace movement.

Qiao told the visitors that the Chinese Communist Party and the British Labor Party have strengthened their mutual understanding through the exchange of visits by members of the two parties. He expressed the wish to further relations between the two parties.

Holland said that he was glad to be here as a representative of Kinnock. He has held useful talks with senior officials of various Chinese departments in the last few days.

Zhu Liang, head of the International Liaison Department of the Chinese Communist Party Central Committee, held talks with Holland here yesterday. The visitors arrived here March 31 at the invitation of the International Liaison Department.

HU QILI MEETS WITH BELGIAN SOCIALIST GROUP

OW031335 Beijing XINHUA in English 1317 GMT 3 Apr 86

[Text] Beijing, April 3 (XINHUA) -- Hu Qili, member of the Political Bureau and Secretariat of the Chinese Communist Party Central Committee, met here today a delegation from the Flamand Socialist Party of Belgium led by its Chairman Karel van Miert.

Hu, on behalf of the Chinese Communist Party Central Committee, expressed a warm welcome to the delegation, which is the first one sent to China by the Flamand Socialist Party. Hu praised the Belgian party for its unswerving efforts in strengthening the friendship between the two countries and the two peoples over a long period of time. Noting that the two parties share identical or similar views on many important international issues, Hu said the two parties, through friendly cooperation, would contribute more to world peace and the progress of mankind.

Karel van Miert said that the two parties share much common ground on disarmament, peace, development and other international issues. He said his party attaches great importance to the visit by the delegation, adding that he is proud of what his party has done in promoting the relations between the two countries.

The delegation arrived here April 1 at the invitation of the Chinese Communist Party.

NORWEGIAN DELEGATION MEETS WITH WANG RENZHONG

OW031637 Beijing XINHUA in English 1626 GMT 3 Apr 86

[Text] Beijing, April 3 (XINHUA) -- Wang Renzhong, vice-chairman of China's National People's Congress Standing Committee, met here this evening a delegation from the Committee for Industry and Energy of the Norwegian Parliament led by Reidar Due. The financial and economic committee of the National People's Congress later held a banquet to welcome the Norwegian visitors. Wang Renzhong attended the banquet. The NPC Financial and Economic Committee held talks with the visiting Norwegian delegation here this morning.

Meets Li Peng

OW031644 Beijing XINHUA in English 1639 GMT 3 Apr 86

[Text] Beijing, April 3 (XINHUA) -- Vice-Premier Li Peng met here today a delegation from the Committee for Industry and Energy of the Norwegian Parliament led by Reidar Due.

Li briefed the visitors on China's draft Seventh Five-Year Plan for economic and social development, which is being discussed by the ongoing session of China's National People's Congress. The vice-premier said that during the period covered by the Seventh Five-Year Plan, China will spend great efforts to develop its energy-related industries, especially electric power production. He hopes that the two countries will strengthen their cooperation in this respect.

Due said that Norway is willing to provide China with advanced technologies used in hydro-electric power generation and off-shore oil exploration.

FURTHER REPORTAGE ON VISIT OF SFRY PRESIDENT

Meets With Deng Xiaoping

OW041054 Beijing XINHUA in English 1043 GMT 4 Apr 86

[Text] Beijing, April 4 (XINHUA) -- China's senior leader Deng Xiaoping said today that the economic reforms and open policy kept the country firmly on the socialist road. He was speaking at a meeting at Beijing's Great Hall of the People with Radovan Vlakovic, president of the Presidency of the Socialist Federal Republic of Yugoslavia.

Deng said all the policies and principles China had adopted since the third plenary session of the 11th Central Committee of the Chinese Communist Party in 1978 served two purposes. One was to adhere to the socialist road and the other was to oppose hegemonism and safeguard world peace. It was of vital importance for China to uphold socialism and peace, Deng stressed.

"As long as China, which has a billion population, pursues socialism and peace, it will make relatively great contributions to mankind. If China embarks on a capitalist road or practises hegemonism, it will bring calamities for mankind," he said. Deng regarded the adherence to socialism and support for peace were criteria on which to judge whether China had embarked on a right road.

He said during the "Cultural Revolution" the total equalitarianism was practised, and the theory of so called rather needing poor communism than rich capitalism was advocated. He said: "We cannot say that the views of not wanting capitalist riches is incorrect. But the poverty in communism does not exist according to the Marxist viewpoint." The communist principle of distribution was "from each according to his ability, to each according to his needs."

Communist society was one with extremely material wealth, but how could it have such wealth if the productive forces had not been developed? "Therefore", he said, "Our main task is to develop our social productive forces and realize our final goal of communism." Deng said it is impossible to develop productive forces if we close our country to international intercourse and do not carry out the policy of opening to the outside world and it is also impossible to develop productive forces without enlivening our domestic economy and giving full play the enthusiasm of the people. Socialism, he stressed. [last two sentences as received]

Vlakovic shared Deng's views and said that China is taking a correct road, adding that China's adherence to the socialist road is significant to the world.

Deng briefed the guests on China's ongoing economic restructuring and said China must practise reform as it wants to build a socialism with its own characteristics. The Seventh Five-Year Plan beginning this year is crucial to an all-round economic restructuring. Reform in urban China is much more complicated than in rural China. Now China is watching every step taken, and must make resolute decision with steady step. Deng was convinced of China's success in its reform.

Present on the occasion were Wu Xueqian, state councillor and foreign minister, and Zhang Jingfu, state councillor. Afterwards, Deng gave a luncheon in honor of Vlakovic, his wife and their party.

Holds Talks With Hu Yaobang

OW040950 Beijing XINHUA in English 0939 GMT 4 Apr 86

[Text] Beijing, April 4 (XINHUA) -- Communist Party leader Hu Yaobang said here today two trends mark present world events -- "dialogue and the economic reform of socialist countries." Hu, general secretary of the Central Committee of the Chinese Communist Party, was speaking at a meeting with Radovan Vlakovic, president of the Presidium of Yugoslavia, at Zhongnanhai, headquarters of the CPC Central Committee and of the State Council, China's highest governing body.

Some countries have engaged in dialogue "only reluctantly," he said. "But past experience has shown that only dialogue can avoid confrontation, and to engage in confrontation and the arms race is to ask for trouble." At the same time, Hu said, "Without reform, socialist countries cannot progress." He said reform was a "continuous process -- it may lead to this or that shortage, and, when the old reform is over, it will be superseded by the new." Hu spoke highly of Yugoslavia's history of successful reforms. Along with dialogue between nations, he said, reforms are bound to continue to develop.

Vlakovic said he shared Hu's views. "Confrontation is no good, and it is necessary for socialist countries to reform if they want to make progress." The Yugoslav leader praised China's ongoing economic restructuring. He told Hu that Vidoje Zarkovic, president of the Presidium of the Central Committee of the League of Communists of Yugoslavia, wished China's reform greater success, and also wished expansion of cooperative relations between China and Yugoslavia.

Talks With Zhao Ziyang

OW031509 Beijing XINHUA in English 1450 GMT 3 Apr 86

[Text] Beijing, April 3 (XINHUA) -- Chinese Premier Zhao Ziyang called on Radovan Vlakovic, president of the Presidency of Yugoslavia, at the State Guesthouse here today. Zhao told Vlakovic that China and Yugoslavia, and their two ruling parties, which have maintained sound relations, share a consensus on many international issues. They also share a lot of ideas on socialist construction and economic reform. He said that China sets great store by its all-round cooperation with Yugoslavia. He expressed the belief that the visit of the Yugoslav president will promote relations between the two countries.

Vlakovic said that Yugoslavia shares China's wish to strengthen cooperation between the two countries in various fields. He hopes that the two countries will expand their economic cooperation in the interests of both.

Zhao briefed Vlakovic on China's economic restructuring. He also congratulated the Yugoslav president on the achievements of Yugoslavia in stabilizing its economy. He said that Yugoslavia's experience in economic reform is useful for other socialist countries.

Vlakovic said that his country is paying great attention to China's economic reform, and the two countries can benefit by sharing experiences in this respect. Vlakovic and his party were entertained at a performance of acrobatic shows, which have won medals at international competitions in recent years, here this evening.

LI XINNIAN MEETS MAROCCAN PARLIAMENTARIANS

OWO31323 Beijing XINHUA in English 1304 GMT 3 Apr 86

[Text] Beijing, April 3 (XINHUA) -- Chinese President Li Xiannian expressed satisfaction with the development of Sino-Moroccan relations while meeting a Moroccan parliamentary delegation led by President Ahmed Osman here today. He expressed the belief that the visit of President Ahmed Osman will promote relations between the two countries.

Osman, who previously visited China in 1981, told the Chinese president that he has seen with his own eyes on his present visit the great changes that have taken place here in the last few years. He expressed the hope that Morocco and China, which have maintained fruitful cooperation, will strengthen their economic cooperation and trade.

On the world situation, Li said that the rivalry between the two superpowers is the cause of instability in the world. Following the U.S.-Soviet summit, relations between the East and the West have relaxed to a certain extent, but no substantial issues have been solved. He said that the U.S. and the Soviet Union have now come to the stage of both confrontation and dialogue, which is better than that with only confrontation but no dialogue. He expressed the hope that the two superpowers would cool down and carry out serious negotiations for an agreement but not at the expense of the interests of other countries.

Osman agreed with Li's view on the world situation and expressed his appreciation of China's independent and peaceful foreign policy. Osman also conveyed to Li greetings from King Hassan II, and Li also asked him to give his best regards to the Moroccan king.

Zhou Gucheng, Vice-chairman of China's National People's Congress Standing Committee, was present at the meeting. Osman gave a return banquet at the Moroccan Embassy here this evening.

ANC DELEGATION JOINS BEIJING RALLY AGAINST RACISM

OWO31226 Beijing XINHUA in English 1211 GMT 3 Apr 86

[Text] Beijing, April 3 (XINHUA) -- More than 1,000 people joined a delegation from the African National Congress (ANC) here today in a rally against racism in South Africa. Participants at the rally at the Nationalities Palace of Culture pledged support for the South African people in their struggle for racial equality and against apartheid.

Speaking at the event, Zhu Xuefan, Vice-chairman of the National People's Congress Standing Committee, said the Chinese people "condemn the South African regime for its obstinate persistence in racism." And, he said, "We condemn its bloody suppression of the black people of the country and its unscrupulous incursions into and intimidations of neighboring countries."

ANC Secretary-General Alfred Nzo told the rally that "in reality, South Africa is at war." Every day, he said, "At least one black South African is killed by the forces of racial repression, and last week 33 people were brutally murdered in the space of 24 hours in one of the most bloody massacres." The "war which the racists are waging against the people of South Africa is a war in defense of colonialism, national oppression and exploitation," he said. "And it is a threat to world peace and security."

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Zhu, who is also Vice-President of the Chinese Association for International Understanding, urged the South African authorities to release imprisoned ANC leader Nelson Mandela at once and unconditionally. He said over the past two years, the "struggle of the broad masses of black people in South Africa against apartheid and racial discrimination has rapidly intensified." Student and worker strikes as well as "waves of mass demonstrations" have assaulted the racist system, according to Zhu. He spoke highly of the ANC's "relentless work in the South African people's struggle against apartheid."

Nzo said ties between the peoples of China and South Africa are "of long standing and have grown and expanded since the early 1950s." He said people in South Africa "today are united as never before by their common determination to be free. With death defying courage, they are prepared to confront armoured cars with thousands of people and the best equipped army on the African continent with sticks and stones. "This unequal battle, led by the ANC, has already won the hearts of millions throughout the world."

The racist regime is increasingly isolated, according to Nzo. "During the past 12 months, 1,500 people have been killed; more than 25,000 have been arrested and detained without trial. Yet despite all this, the apartheid regime has been unable to crush our people's resistance." The "day of liberation of South Africa is not far off," he said.

Mainza Chona, Zambian ambassador to China told rally participants the African countries on the frontline of the South African border "commend the strenuous efforts the ANC is making to mobilize the South African masses to rise against the racist oppressor." He called on the international community to intensify the campaign isolating South Africa and to impose mandatory economic sanctions against it.

J.S. Odanga, dean of the African diplomatic group in China and Kenyan ambassador to China, paid tributes in his speech to the Chinese Government and people for the "selfless, moral and material assistance you have rendered in the struggles of the down-trodden people of the world."

Today's rally was sponsored by the Chinese Association for International Understanding, the Chinese People's Association for Peace and Disarmament, and the Chinese People's Association for Friendship with Foreign Countries.

Among the more than 1,000 participants were Xi Zhongxun, member of the Political Bureau of the Chinese Communist Party Central Committee, and other Chinese high-ranking officials. Diplomatic envoys and students in Beijing from African countries were also present.

ASSISTANT FOREIGN MINISTER MEETS LESOTHO ENVOY

OW031154 Beijing XINHUA in English 1136 GMT 3 Apr 86

[Text] Beijing, April 3 (XINHUA) -- Chinese Assistant Foreign Minister Zhou Jue met here today with Mokhali Alfred Lithebe, charge d'affaires ad interim of Lesotho Embassy in Beijing. The diplomatic relations between China and Lesotho was established in 1983. Lithebe is here to help set up the embassy.

FURTHER ON LI PENG, YAO YILIN PRESS CONFERENCE

Li Views Sino-Soviet Relations

HK031536 Beijing ZHONGGUO XINWEN SHE in Chinese 1427 GMT 3 Apr 86

[Text] Beijing, 3 Apr (ZHONGGUO XINWEN SHE) -- At a press conference of Chinese and foreign reporters held here today, Vice Premier Li Peng made the following remarks on Sino-Soviet relations: We have taken note of the section on Sino-Soviet relations in Gorbachev's report on the 27th CPSU Congress. Regarding the question that the measures taken to improve Sino-Soviet relations should not harm the interests of a third country, we hold that "not harming the interests of a third country" should not have a specific meaning. We hope that Sino-Soviet relations will improve in earnest, Li Peng said, because they will benefit the peoples of the two countries and also peace in the world and the Far East. China's position is that the Soviet side should take practical moves and truly improve relations between the two countries based on removing the three major obstacles. Li Peng said that China was satisfied with the improved relations between the two countries in the fields of trade, economy, science, technology, culture, and education.

When a reporter asked Li Peng to make an appraisal of his meeting with Gorbachev last year, Li Peng replied: Following my visit to Bulgaria and Czechoslovakia, I held talks with Gorbachev in Moscow. We expounded our respective positions on issues concerning international problems and Sino-Soviet relations.

Comments on Tiananmen Anniversary

OW031305 Beijing XINHUA in English 1227 GMT 3 Apr 86

[Text] Beijing, April 3 (XINHUA) -- Vice-Premier Li Peng announced here today that the tenth anniversary of the Tiananmen incident will be marked on an appropriate scale. Li Peng described the incident, occurring on April 5, 1976, as one in which the broad masses of people, under the influence of the Communist Party's correct line, gathered on the Tiananmen Square in the heart of Beijing to challenge the "gang of four", cherish the memory of the late premier Zhou Enlai and support Deng Xiaoping. An appropriate appraisal of the role of that incident was given five years ago by the Chinese Communist Party Central Committee in its decision on some questions in its history since 1949, he said. The Communist Party has followed a correct line since the Third Plenary Session of its 11th Central Committee held toward the end of 1978 and has won the support of the people, he went on. The rapid economic development in recent years is a handy proof of this.

"Times have changed and the tasks facing us are different now," he stated, "to solve our present problems, we don't need to use the method as employed during the Tiananmen incident." China's modernization program requires internal stability and unity as well as a peaceful international environment, he explained.

Responding to a question about Chinese youth, Li Peng said that Chinese college students and other young people are in favor of socialism, support the Communist Party and back the ongoing economic restructuring. He admitted that some students in a few colleges made some trouble last autumn. "We did not favor such actions. We adopted the method of guidance and persuasion with good effects," he said.

Abolition of FECs Announced

OW031006 Beijing XINHUA in English 0929 GMT 3 Apr 86

[Text] Beijing, April 3 (XINHUA) -- China is preparing to abolish foreign exchange certificates, but the move will require long preparations. Vice-Premier Yao Yilin told a press conference here today that the circulation of the U.S. dollar and the Hong Kong dollar would have to be halted as well, he said, enabling the Chinese currency, renminbi (rmb), to be the only currency in the country. Foreign currency certificates, he added, "should also help China's trade with other countries and mutual exchanges in other areas, as well as assist the growth of tourism." "No date has been fixed, but the preparations are underway," he stated.

Currency Success Noted

OW031336 Beijing XINHUA in English 1321 GMT 3 Apr 86

[Text] Beijing, April 3 (XINHUA) -- China's effort last year to withdraw currency from circulation through sales of imported consumer durables was successful, a senior Chinese vice-premier said here today. Vice-Premier Yao Yilin made the point at a press conference sponsored by the Secretariat of the current National People's Congress session today when he was asked what had been achieved in China's currency recouping last year. The state did not put the profits from the sales into the state revenue, but into the bank, he said. "The money is still in the bank now," he added.

This sum of money may be used to make up the government deficit or may allow the bank to invest it if the government does not need it any more, the Chinese vice-premier said. Anyway, he stressed, the success in withdrawing currency from circulation helped reduce the issue of the Chinese currency renminbi and constituted a very important factor in stabilizing prices. China is not going to do it again this year, the vice-premier said, adding that there are still several billion yuan worth of goods imported last year in stock.

Grain Potential Seen

OW031350 Beijing XINHUA in English 1330 GMT 3 Apr 86

[Text] Beijing, April 3 (XINHUA) -- China is fully able to meet the domestic demand for grain through its own efforts, a senior Chinese agricultural specialist told a press conference here today. "Meanwhile, it does not exclude necessary grain trade with foreign countries," said Du Runsheng, director of the Rural Development and Research Center of the State Council. China's grain trade with other countries serves the need of regulating its grain varieties, he explained.

Du told Chinese and foreign reporters that a decrease of tens of million tons in the country's grain output last year was caused largely by natural disasters. "It is only in a few places that peasants showed less interest in growing grain crops, because rural industries are fairly well developed there," he said. The Chinese Government will continue adopting effective measures to encourage peasants for increased production, he stressed, adding that "continuing rural economic reforms is the most effective way of arousing peasants' initiative for production."

Du said the Chinese Government pays close attention to the income of grain growers and sees to it that they do not suffer losses. For this reason, the government will list prices to protect the interests of grain growers and this policy will be improved constantly. The state will increase investment in agriculture during the Seventh Five-Year Plan period (1986-90), he said, adding: "What is more important is that peasants should be encouraged to raise money themselves for agricultural development." He said that the Chinese Government always keeps to the principle of taking agriculture as the foundation of the national economy, adding that the prosperity of the 800 million rural residents will spur the growth of the national economy as a whole.

FORUM URGES REMEMBRANCE OF TIANANMEN INCIDENT

OW040708 Beijing XINHUA in English 0637 GMT 4 Apr 86

[Text] Beijing, April 4 (XINHUA) -- A senior Chinese official today urged all citizens, especially the young people, to work hard for the modernization drive in the spirit of the April 5th revolutionary mass actions of ten years ago. Bo Yibo, vice-chairman of the Communist Party's Central Advisory Commission, said the party knew that the success of the modernization drive depended to a large extent on the young people. The historic responsibility in building a powerful socialist country would be on their shoulders. He called on young intellectuals to grasp the basic theories of Marxism and Mao Zedong Thought, and to use this knowledge practically in working among the workers and peasants and solving problems arising from economic construction, restructuring and reform. The veteran official was addressing a forum held here to mark the tenth anniversary of the April 5th revolutionary mass activities.

At the beginning of April, 1976, around the time of the Chinese "Qing Ming" festival, when people traditionally mourn the dead, more than a million people gathered in Tiananmen Square in the center of Beijing to mourn the late Premier Zhou Enlai. Their activities touched off gigantic protests throughout the country against the gang of four, which soon led to their downfall. Bo pointed out in his speech that the main theme of the activities had been the support for correct party leadership as represented by Deng Xiaoping. Deng had been in charge of the party Central Committee's day-to-day work in 1975, and had tried many measures to eliminate the chaos of the Cultural Revolution and repair the damaged national economy.

Today's forum was organized jointly by the All-China Federation of Trade Unions, the Central Committee of the Communist Youth League, the All-China Women's Federation, and the Beijing Municipal Party Committee. The state and party leaders Hu Qili, Li Peng, Wang Zhen and 400 people attended the forum. Speakers included Cao Zhijie, a representative of those who took part in the activities ten years ago, who is now manager of a Beijing taxi company. The speakers all made the point that China was now in a new period of historic development, which was in line with the wishes of the people 10 years ago.

PRESIDIUM MEETINGS, DEBATE CONTINUE AT NPC

Councillor, Vice Premier Soon Added

OW040330 Beijing XINHUA in English 0321 GMT 4 Apr 86

[Text] Beijing, April 4 (XINHUA) -- A new vice-premier and a state councillor will soon be added to China's State Council. Candidates for the nominations were discussed at a presidium meeting of the ongoing National People's Congress session here today. The meeting held in the Great Hall of the People also discussed a draft list of the candidates to fill vacancies in the NPC Standing Committee -- a new vice-chairman and some members of the NPC Standing Committee. Also discussed were candidates for additional vice-chairmen and members of the special committees of the National People's Congress. The draft lists are to be discussed by the deputies before approved by the full session.

Today's meeting also agreed upon several draft resolutions prepared for the session. One draft resolution concerns the 1986 plan for national economic and social development and another, the implementation of the 1985 state budget and the 1986 state budget. The two resolutions are to be sanctioned by the session. The meeting decided to pass around among the deputies a draft resolution for approving Premier Zhao Ziyang's report on the draft Seventh Five-Year Plan. This draft resolution is subject to approval at the Presidium's next meeting before it is sent to the full session.

Wang Renzhong, chairman of the NPC Committee of Finance and Economy, delivered a report on examining the implementation of the 1985 state budget and on the draft 1986 state budget. Wang called for continuous efforts to limit China's scale of investments in fixed assets. He said: "We have not yet completely halted the tendency shown by some localities and departments to expand capital construction." It is therefore necessary to manage well both the investment covered by the state budget and the extra-budgetary investment, in accordance with the state plan, he explained. Wang also called for tightening financial discipline to correct misconduct in the economic field.

Li Peng, Chen Pixian Speak

OW030801 Beijing XINHUA Domestic Service in Chinese 1152 GMT 2 Apr 86

[Text] Beijing, 2 Apr (XINHUA) -- The Fourth Session of the Sixth NPC held its third plenary meeting at the Great Hall of the People this morning. The meeting heard explanations by Wang Hanbin, secretary general of the NPC Standing Committee and chairman of the Legislative Affairs Commission, on the draft general principles of the civil code of the People's Republic of China; explanations by Li Peng, vice premier of the State Council and minister in charge of the State Education Commission, on the draft compulsory education law of the People's Republic of China; explanations by Zheng Tuobin, minister of foreign economic relations and trade, on the draft law of the People's Republic of China governing enterprises with exclusive foreign investment; and a report by Chen Pixian, vice chairman of the NPC Standing Committee, on the work of the NPC Standing Committee. The NPC Standing Committee examined the above-mentioned three draft laws and decided to submit them to the Fourth Session of the Sixth NPC for examination and approval. Chairman Peng Zhen attended the meeting.

At 0900, Peng Chong, executive chairman of the session and vice chairman of the NPC Standing Committee declared the meeting open. He said: At the invitation of the NPC Standing Committee, a delegation of the Moroccan Chamber of Representatives headed by its president, Ahmed Osman, arrived in Beijing on 31 March on a friendly visit to our country. Today we have invited the members of the delegation to attend our meeting as observers. In the name of the presidium of the session and all deputies, Peng Chong extended a warm welcome to President Osman and all other members of the Moroccan delegation and wished them a successful visit. Then, a warm applause broke out in the hall.

Following this, Wang Hanbin gave explanations on the draft general principles of the civil code. He said: The civil code is one of the country's basic laws, and formulating the civil code is a major event in the legal system of the country. In the past few years, a number of special laws governing civil acts or concerning the readjustment of civil relations have been enacted. However, we still lack legal provisions dealing with problems of a common character in civil activities. By summing up the experience gained in the past several years, it is now possible to formulate legal provisions regarding problems of a common character in civil activities. Hence, the draft general principles of the civil code have been drawn up. Wang Hanbin explained its contents and related questions in the following seven areas: Basic principles in formulating the general principles of the civil code and the scope of adjustment; legal persons; individual households engaged in industrial and commercial undertakings, rural contracting households, and individual partnerships; civil legal acts; civil rights; civil liabilities; and the application of laws in handling issues involving foreigners.

Then Vice Premier Li Peng, entrusted by the State Council, gave explanations on the draft compulsory education law in the following 10 areas: The need of formulating the law on compulsory education, the nature of compulsory education, the age for starting compulsory education, the system of compulsory education, implementation of the party's principles on education, measures for instituting the 9-year compulsory education system, responsibility of local authorities for elementary education and encouragement of social forces in running schools, exemption of tuitions in compulsory education, funds and conditions for running compulsory education, and teachers.

Li Peng said: Tremendous developments have been made in primary and secondary school education in our country since the founding of the PRC. On the whole, however, elementary education in our country is still rather weak, and does not meet the requirements of the great drive for socialist modernization. Therefore, our country urgently needs to enact a law on compulsory education. With the law as a basis, compulsory education can be conducted step by step throughout the country. This is a major measure of strategic significance bearing on the future of the country and the nation.

Entrusted by the State Council, Zheng Tuobin gave explanations on the draft law governing enterprises with exclusive foreign investment. He said: Setting up enterprises with exclusive foreign investment is a feasible method of importing foreign funds and technology, and enacting a law governing such enterprises will protect their legitimate rights and interests and provide a legal basis for them to operate in our country. It will also make it convenient for our government to administer and supervise such enterprises.

Zheng Tuobin said: The draft law governing enterprises with exclusive foreign investment provides that the establishment of enterprises with exclusive foreign investment must be restricted to those that are beneficial to China's national economy by using advanced technology and equipment and exporting all or most of their products.

He then gave specific explanations on such questions as: Legal qualifications of enterprises with exclusive foreign investment, taxes on them, duration of their operation, administration and supervision of them, trade unions in such enterprises, and protection of the legitimate rights and interests of foreign investors.

Entrusted by Chairman Peng Zhen and the NPC Standing Committee, Vice Chairman Chen Pixian made a report on the work of the NPC Standing Committee at today's meeting. He said: In the past year, the NPC Standing Committee strengthened its supervision over the enforcement of the Constitution and other laws as well as its supervision over administrative, judicial, and procuratorial work; it strengthened its legislative work, improved the organization and system of the NPC Standing Committee, and strengthened the work of its various special committees. New progress was made in developing socialist democracy and the socialist legal system.

Chen Pixian said: Since the Third Session of the Sixth NPC, the NPC Standing Committee has improved or strengthened its work in various fields. It must be noted, however, that there still is quite a big gap between the NPC Standing Committee's actual work of one hand and the functions and powers entrusted to it by the Constitution and the hopes the people of the country are placing on it on the other. We should further sum up our experience, continue to improve our work, and strive to fulfill the Seventh 5-Year Plan, to carry out the party's general task and goal in the new period, and to build our country into a modern socialist state with a high level of civilization and democracy.

Other executive chairman for today's meeting were Bainqen Erdini Qoigyi Gyaincain, Liao Hansheng, Wang Shufeng, Liu Minghui, Yan Kelun, Li Dengying, Song Lin, Zhang Zaiwan, Luo Tian, Zhao Pengfei, Hu Lijiao, Fei Yimin, and Han Ningfu. According to the session's agenda, delegations will begin to hold group discussions this afternoon to deliberate the draft general principles of the civil code, the draft law on compulsory education, the draft law governing enterprises with exclusive foreign investment, and the report on the work of the NPC Standing Committee.

Li Peng on Education Law

OWO30636 Beijing XINHUA Domestic Service in Chinese 0900 GMT 2 Apr 86

[Text] Beijing, 2 Apr (XINHUA) -- Li Peng, vice premier of the State Council and concurrently chairman of the State Education Commission, explained the "compulsory education law of the People's Republic of China (draft)" to the Fourth Session of the Sixth NPC today. He said: China has a pressing need to enact a compulsory education law in order to provide a legal basis for systematically introducing compulsory education throughout the country. This is needed to build socialist material and spiritual civilization, as well to inspire the broad masses. He said: Since the founding of the country, we have made much headway in promoting primary and secondary education in China, radically changing the extremely backward elementary education of old China. However, in general, China's elementary education is weak and cannot meet the needs of the gigantic socialist modernization program. Primary education has not yet been popularized in the considerably large area of the countryside. Many school-age children, especially girls, have not completed the set schooling. As a result, there are still illiterate and semi-illiterate young people and adults. Therefore, enacting and implementing the "compulsory education law" and vigorously popularizing elementary education is a strategic measure concerning the future of the country and people. He said: The introduction of compulsory education is an obligation of the country toward the people, as well as the parents toward the country and society. The state and society should set the conditions for all Chinese children to complete the legally mandated schooling, and parents should ensure that their children complete the schooling.

Li Peng pointed out: Compulsory education is mandatory. Therefore, the "draft law" sets penalties for failure to fulfill this obligation. He said: Motivated by immediate and temporary economic interests, some parents are making their school-age children leave school to engage in productive labor or take up employment, while some enterprises are employing school-age children. Such practices hinder the rights of children and youngsters to receive education, and is harmful to the development of the country and people as well as the long-range interests of children, youngsters, and their families. Therefore, the penalties are a necessary means to enforce compulsory education.

After explaining the age and school system for compulsory education and party's education policy, Li Peng introduced the steps for instituting compulsory education. He said: The country can roughly be divided into three categories. The first category consists of areas with a comparatively developed economy and culture, which are required to popularize 9-year compulsory education by around 1990. The second category consists of areas with a medium level of economy and culture, which are required to popularize the elementary compulsory education by 1990 and actively create conditions for making the 9-year compulsory education universal by 1995. The third category consists of areas with an underdeveloped economy and culture, which should strive to popularize the elementary compulsory education as much as their economic development permits before the end of this century.

On the responsibility of local governments for elementary education, Li Peng said: The prosperity, social stability, and unity of a locality and its building of spiritual civilization are closely related to the development of elementary education. All local governments should give top priority to promoting elementary education. Along with the economic development of a locality, it is necessary to appropriate more funds for education. This is an obligation of a local government toward local people, as well as a need for developing local economy.

He also pointed out: An important aspect of our experience in popularizing elementary education in the country is that it is necessary to adhere to the principle of "walking on both legs" in running a school. It is impossible for the state to shoulder the entire responsibility for compulsory education. Enterprises, institutions, and other organizations should undertake, according to the law, the obligation of running schools, and regard such obligations as identical with their interests and not as an unreasonable burden. Workers and peasants should be commended for voluntarily donating, within their capabilities, funds for schools. On the expenditures for compulsory education and conditions for running schools, Li Peng said: To ensure the funds needed for compulsory education, the "draft law" stipulates: "The increase of state financial appropriation for compulsory education should be higher than the increase of regular financial revenues, and should be made along with the growth of the average expense of students enrolled in schools." He added: Both central and local governments should give financial support to ensure the increase in these two aspects. Li Peng also discussed the question of qualified teachers in his report. He said: The key to instituting compulsory education lies in training a large, rationally structured, and relatively stable contingent of qualified teachers. The promulgation and enactment of the "compulsory education law" will create better conditions for as well as set higher demands on teachers, who should play an exemplary role in implementing the "compulsory education law."

State Council To Revise Plan

OW040905 Beijing XINHUA in English 0856 GMT 4 Apr 86

[Text] Beijing, April 4 (XINHUA) -- Peng Zhen, chairman of the Standing Committee of China's National People's Congress (NPC), said here today that the State Council will revise the Seventh Five-Year-Plan (draft) in accordance with the views and suggestions of NPC deputies.

Addressing the second meeting of the Presidium of the current NPC session this morning, Peng Zhen said that many valuable suggestions have been made by the deputies while mulling over the five-year plan in the past few days. And the State Council will revise and supplement the draft plan accordingly, he promised. The draft was prepared by the State Council at the suggestion of the Communist Party Central Committee after soliciting opinions from various quarters.

Yang Dezhi on Legal System

OW032313 Beijing XINHUA Domestic Service in Chinese 1458 GMT 3 Apr 86

[Text] Beijing, 3 Apr (XINHUA) -- On afternoon of 2 April, deputies attending the Fourth Session of the Sixth National People's Congress began to screen the draft general principles of the civil code, the draft law on compulsory education, and the draft law on foreign-funded enterprises. In the course of examining the draft laws, the deputies emphatically pointed out: The formulation of these laws is of great significance in improving and strengthening China's legal system, meeting the needs in reforming China's economic system, implementing the policy of invigorating domestic economy and opening to the outside world, raising the scientific and cultural level of the whole nation, and promoting socialist material and spiritual civilizations.

The deputies believed: To strengthen socialist democracy and the socialist legal system constitutes a reliable guarantee that the state will enjoy a long period of order and stability. This is also our fundamental goal and one of our basic tasks. During the past several years, China has scored remarkable achievements in developing its socialist legal system. As far as legislation is concerned, China has formulated 47 laws and more than 400 administrative rules and regulations. China's socialist legal system has been formed in a preliminary way and is being gradually improved. The formulation of the aforementioned three draft laws is an important step in improving the legal system. Naturally, there are many laws that need to be formulated. Particularly, our work on economic legislation fails to keep pace with the developing situation. We will need to pay full attention to our legislative work.

The deputies held: When we have laws, we must act according to law. Deputy Yang Dezhi of the PLA delegation said: In order to ensure that laws are observed, that their enforcement is strict, and that law breakers are dealt with, we must help all cadres and people to strengthen their conception of the legal system and broaden their legal knowledge. Those who enforce the laws must remain impartial, honest, incorruptible, and upright in performing their official duties. Party members and cadres must become models in observing party discipline and state laws. Deputy Xing Yimin of the Shanxi delegation said: Efforts must be made to popularize legal knowledge and help the broad masses of cadres and people understand the law and act according to law. It is necessary to attach importance to the publication of law books and meet the needs of the broad masses of cadres and people in studying law.

The NPC deputies pointed out: We must correct the situation in some localities in which some people are not acting according to law; strengthen our supervision in enforcing the law; ensure the implementation of laws of all types; and truly achieve the goal that everyone is treated equal before the law. Deputy Wen Mingxian said: Due to lack of supervision, our economic laws are often not observed. For example, in the course of enforcing tax laws and the regulations on industrial and commercial administration, there are always some deviations in the development of commodity economy, because there are no supervisory organs to oversee the implementation of the laws and regulations. He suggested setting up specific organs to provide legal supervision and carry out effective supervision on how economic laws are being enforced.

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Deputy Zhang Zaiwang of the Tianjin delegation said: In his report, Premier Zhao Ziyang pointed out that it is necessary to strengthen the role of the legal system in promoting and insuring reforms. This is an important conclusion drawn by summing up our experiences since the founding of the nation. We must vigorously strengthen our supervision over law enforcement work and firmly adhere to the principle of acting according to law. In conducting inspection tours, NPC deputies must attach importance to their role in supervising how economic laws and regulations are being enforced. After the state plans and budgets are adopted, they are of the same nature as laws. The people's deputies should also maintain supervision over how these state plans and budgets are being implemented.

Wan Shaofen Addresses NPC Women

OW031634 Beijing XINHUA in English 1610 GMT 3 Apr 86

[Text] Beijing, April 3 (XINHUA) -- Some of the women delegates attending the NPC and CPPCC sessions gathered here today at the headquarters of the All-China Women's Federation to discuss the present status of Chinese women. The 120 women delegates present on the occasion include provincial and municipal government officials, and women leaders of various levels.

Wan Shaofen, an NPC delegate and also secretary of the Jiangxi provincial party committee, said that many people doubted her ability when she took office in June last year. She said, "I was really not prepared for taking the position, but once I took it, I never took a step backward." She first strengthened the leading organizations, then went down to the poor areas of the province to make investigations and seek methods to handle the problems.

The total output value of the provinces' industry and agriculture last year increased 19.3 per cent over the previous year.

Liang Shufen, also an NPC delegate and vice-governor of Hubei Province, said that women now make up 21.2 percent of the total number of NPC delegates and 12.8 per cent of the CPPCC delegates. In the family, he said, the woman has won equal say with her husband, based on her contributions both to society and family life. She said that with the increase in the number of women leaders in every field, women's legal rights have been better protected. The traditional discrimination against women in employment, promotion and university enrollment are now being adjusted gradually.

The delegates praised the work of the All-China Women's Federation and thanked it for its consistent support for them. Zhang Guoying, vice-chairman of the All-China Women's Federation, and many other leaders of the federation also attended the meeting.

PENG ZHEN 28 JANUARY SPEECH ON MARXIST PHILOSOPHY

HK021555 Beijing HONGQI in Chinese No 6, 16 Mar 86 pp 3-6

[Speech by Peng Zhen on 28 January at Zhejiang University: "Be Good at Wielding the Weapon of Marxist Philosophy" -- corrections and additions made by Peng Zhen prior to HONGQI publication]

I congratulate you comrades of the Zhejiang University on your gratifying successes in work, and I wish you greater achievements.

You want me to speak -- on what ? I hope you will be good at wielding the weapon of Marxist philosophy on transforming both the objective and subjective worlds, as this weapon enables us to have a correct stand, views and methods in observing and handling problems. We take it as a guide to observing and handling social problems as well as problems in the natural world. Whether or not we master and apply Marxist philosophy and whether or not we consciously do so, makes a world of difference in our actual work results. Therefore I would like to discuss this problem with you and hope that you will master and apply it more consciously.

After the "gang of four" was smashed, we criticized the mistaken viewpoint of the "two whatever's," which seriously hampered the work of bringing order out of chaos, and emphasized again and again that the only criterion for judging truth was practice. Marxist philosophy, which refers to dialectical materialism and historical materialism, has undergone the test of practice. It is the summation of the historical process of human understanding. As everyone is aware, materialism and dialectics had emerged long before Marxist philosophy came into being. Hegel was the master of dialectics. He was the first one to explain the general form of movement of dialectics. Hegel held firm to the viewpoint that matters move in the course of contradictions, that is, the viewpoint of development. However, his dialectic was idealism. The "absolute concept," he maintained, was the subject of the world and the source of all matters, and development started from the "absolute concept" and finally returned to the "absolute concept." Here he put dialectics upside down and made it mysterious. Feuerbach criticized Hegel's dialectics and at the same time abandoned it. As his dialectics could not go beyond the limits of metaphysics and continue through to the end, Hegel still remained an idealist on matters concerning understanding society and history. Marx and Engels critically inherited Hegel's and Feuerbach's philosophical achievements, brought them forward, and founded dialectical materialism and historical materialism. This was an epoch-making philosophical attainment in human history.

Since Marx and Engels founded dialectical materialism and historical materialism, they had all along used it to observe and handle problems. Also, they handed this great tool of understanding to the working class. This philosophy, Marx said in his early years, took the proletariat as its material weapon and, similarly, the proletariat looked upon this philosophy as its spiritual weapon. Dialectical materialism and historical materialism are the theoretical manifestations of the fundamental interests of the proletariat and the laboring people. The interests of the proletariat correspond with the objective law governing social development, therefore it can boldly seek and uphold truth. The scientific truths of dialectical materialism and historical materialism are in complete unanimity with the stand of the proletariat. Therefore, the proletariat finds it easy to accept and thoroughly apply dialectical and historical materialism.

Social practice over the past century has proven that Marxist philosophy is correct. When capitalism was still in its prime Marx already foresaw that bourgeois dictatorship would inevitably lead to the proletarian revolution and proletarian dictatorship and pointed out that proletarian dictatorship would finally result in its self-negation, that is, the extinction of classes, the abolition of the state, and the dying out of the proletarian political party. At that time, mankind would enter an advanced society -- communist society. Was this scientific prediction right or wrong? History proved that it was right. Although the Paris Commune existed for a short time and did not have much experience, it already proved the correctness of this prediction. Subsequently, the October Revolution broke out. In the October Revolution, Lenin used Marxist philosophy, viewpoints, and methods to analyze domestic and international situations. Then he mobilized and led the working class, the peasant class, and other laboring people in overthrowing the czar and the rule of the landlord class and the bourgeoisie. The first socialist state under proletarian dictatorship was founded in a backward Russia. The October Revolution was a major test for Marxism, and the result proved that Marxism was correct.

After the October Revolution, many people said that Soviet Russia could not last long. However, not only did it smash foreign armed intervention and grow stronger, it also withstood the severe test of the cruel World War II. At that time, Hitler seemed terrifying. He occupied most of the countries in Europe and invaded the Soviet Union, first conquering Leningrad. Then fighting all the way to Stalingrad, and finally pressing on toward Moscow. Stalin said at that time that the motherland was enveloped by a crisis. But how did it turn out? Hitler was smashed in the Soviet war to defend the motherland and in the antifascist struggle of the people of the world. World War I led to the founding of the first socialist country under proletarian dictatorship -- the Soviet Union. Revolution soon took place in countries such as Germany and Hungary, but they finally failed. After World War II, many countries were victorious in their revolutions. In particular, China, a country with the largest population in the world, achieved victory in the new democratic revolution and the socialist revolution under the guidance of Marxism. These victories further suggested the correctness of Marxism and Marx's prediction. History develops on its own path regardless of whether or not people agree with Marxism. This proves that Marxist philosophical theory is correct and that Marxist economics and political science derived from this theory are correct.

Zhejiang University comrades have made great achievements in their work. You have boldly carried out explorations and resolutely gone in for reforms, and you are making constant progress and new achievements in various fields. For example, you have done well in ideological and political work. Why have you made such marked achievements in various fields? In my opinion, the most important reason is that your understanding is unified and correct, and you have held firm to the four basic principles. The four basic principles are included in the party and state Constitutions. Of the four principles, party leadership and socialism are the central issues without which the principles would have no backbone. The CPC is a proletarian political party armed with Marxism-Leninism-Mao Zedong Thought. One of the four basic principles is to persist in Marxism-Leninism-Mao Zedong Thought. We should never be capitalist-minded but should be socialist-minded. We are now carrying out material and spiritual civilizations, and these two civilizations must be guided by Marxism-Leninism-Mao Zedong Thought. There is only one "ism" in the two civilizations, that is, socialism. This is what the party adheres to.

One fundamental requirement of Marxist philosophy is to observe and handle problems in the light of their actual conditions. In understanding things, people must use their brains, through which actual conditions are reflected. The purpose of understanding actual conditions is to transform them. In short, we must proceed from actual conditions both in the study of social and natural sciences and in actual work. Actual conditions are very complicated, but most complicated are the realities of social life, as this sphere deals with relations between people. Although man is part of nature, not only is he different from natural things and animals, but he also has subjective activity. This subjective activity is intricate and volatile. However, no matter how complicated things are, we can acquire an understanding and comprehension of them, as there is always a law governing their movements. Understanding and transforming actual conditions is a manifestation of subjective activity. To bring into play the role of subjective activity, it is necessary to base it on objective realities. In other words, subjective thinking must correspond with objective realities. Man's brain sometimes goes astray. In such cases, he will tumble and be thrown into confusion. Therefore, we should proceed from actual conditions when observing and handling problems.

To proceed from actual conditions, first, it is necessary to be objective. We should not be subjective and should look at objective realities as they are. Second, it is necessary to take an all-round view and avoid being one-sided. We should take an all-round view of both the past and present with emphasis on the present.

In addition, we should take an all-round view of the development of things, that is, of their future. This is what we mean by taking an all-round view. The subjective will conform with the objective provided we observe problems objectively and in an all-round way. Furthermore, matters have their appearance and essence. In observing matters, we can only see their appearance, whereas their essence is concealed and invisible. Only through scientific analysis can it be revealed. The appearance reflects the essence and is different from the essence. The appearance may reflect truth or falsehood. It distorts facts when it reflects falsehood. When observing problems, we touch of their appearance but must not stop at their appearance; we must be able to see through their appearance to their essence. This requires us to obtain the necessary material and analyze it. When analyzing it, we discard the dross and select the essential without making comparisons or eliminating the false and retaining the true. It is impossible to have a good knowledge of the relations between matters or to understand the essence of matters.

Marxist philosophy seems simple, but in fact it is not. Marxist philosophy is a branch of science. Since the beginning of recorded history, mankind has spent several thousand years gaining understanding in this branch of science. It was Marx and Engels who established this philosophy in line with the development of production and science and technology. In ancient times, long before Marx and Engels, there were already dialectical and materialist theories, but owing to limitations of historical conditions, it was impossible for them to reach such a high level as Marxist philosophy. Therefore we say that dialectical materialism and historical materialism are the ideological weapons of the proletariat and of the era as well. Have some comrades not said that they want to engage in ideological modernization? They must have a good grasp of this weapon. So long as they have a good grasp of this weapon, they will find it easier to cope with the difficulties arising in socialist modernization and economic structural reform as well as in the work concerning construction and other reforms.

Now there is a view which regards the study of the fundamental theory of Marxism-Leninism as being conservative or opposing reforms. This view is basically a misunderstanding. If we had not used Marxism-Leninism to analyze our problems, how would it have been possible for us to suggest the carrying out of economic structural reform? In which direction would our reforms have developed if we had deviated from the guidance of Marxism-Leninism? At the National Conference of Party Delegates last year, Comrade Deng Xiaoping said that "reforms are the self-consummation of the socialist system." Reforms require the guidance of Marxism-Leninism, and problems in reforms should be studied and solved according to the basic principles and method of Marxism-Leninism. How can we set reforms against Marxism-Leninism? As to interpreting the study of Marxism-Leninism as being conservative, this is, basically, also a misunderstanding. In terms of its essence Marxism is critical and revolutionary. Marxist materialist dialectic maintains that all matters in the universe are in contradiction and never stop moving, the would end if they stopped moving. People in ancient Greece said that the same person cannot jump into the same river twice, as the river water never stops flowing. The affirmative explanations of materialist dialectics on things simultaneously contain negative factors. Therefore, according to materialist dialectics, not only will the capitalist system and the bourgeoisie become extinct, but the proletarian state and the proletariat will also die out. Mankind will enter communist society through socialist society, and communist society will have to develop further. How can we say that Marxism is conservative and opposes reforms? Only communists with a good grasp of Marxism really understand that society needs to make constant changes and continuous progress and that the purpose of building the proletarian party and the proletarian state is to finally eliminate this party and this state so as to Marx held that man transformed his subjective world in the course of transforming the objective world and that only through transforming the objective world could he fundamentally transform his subjective world.

In this respect, the founders of Marxism set us a good example. Following the development of social practice, they corrected their mistakes and made additions to their work. Take the famous 'Communist Manifesto' as an example. There are many prefaces to this great work, several of which point out that some parts should be revised. For example, the German edition of the preface published in 1872 said that on the whole, the general basic principles explained by the manifesto were correct but that some detailed measures contained in the basic principles could vary over according to historical condition in a given period. This did not bear any special significance. If this passage were to be written now, the wording would be very different in many aspects. The most important point is the experience of the Paris Commune, that is, the working class should not simply take over the existing state machine and use it for its purpose. Therefore, it was inadequate for the manifesto just to mention the necessity for the seizure of political power by the proletariat; it should also point out that the proletariat must smash the old political power and establish proletarian political power. As Lenin said, this was a fundamental revision of the manifesto.

Lenin inherited and developed Marxist theory. Discovering that the role of the law of the disequilibrium of capitalist development had further strengthened in the period of imperialism, Lenin negated Marx's old conclusion that victories in the proletarian revolution could be simultaneously achieved merely in main capitalist countries, and replaced it by the new inference that victory could be achieved in one country, which guided the Russian proletariat in successfully staging the October revolution and founding the first socialist country.

Comrade Mao Zedong established the theory of the new democratic revolution and led the Chinese people in overthrowing the reactionary rule of the three great enemies and in founding the PRC. The theory of the new democratic revolution was not copied from Marx' or Lenin's works but was a major development of Marxism-Leninism in line with China's conditions and revolutionary practice.

From the above facts we know that Marxism-Leninism is revolutionary and not conservative, and is developing and not rigid. Of course, if we take a dogmatic attitude toward Marxism-Leninism, divorce it from practice, do not study and solve problems according to actual conditions, and merely memorize conclusions and formulas, our minds will really become rigid and lag behind the development of the situation. Founders of Marxism opposed such an attitude toward their theories. In fact, mouthpieces of the bourgeoisie and their theories are conservative and rigid. The seemingly fresh and fashionable bourgeois ideological trend is protecting the current capitalist order. Even outstanding figures among early bourgeois thinkers, such as political economists Adam Smith and David Ricardo, maintained that the capitalist system was eternal and unchangeable.

Marxism-Leninism should and will inevitably undergo constant development. Marxism-Leninism is revolutionary thought. It will continuously develop with the expansion of production the progress of science and technology, and the development of revolutionary movements and socialist construction.

HISTORY OF 'SERVE THE PEOPLE' POLICY EVALUATED

HK030838 Beijing CHINA DAILY in English 3 Apr 86 p 4

["It Seems to Me" column by Zhang Bian: "Better Ways to 'Serve the People'"]

[Text] When he met with New Zealand Prime Minister David Lange in Beijing last week, China's senior statesman Deng Xiaoping made some very interesting remarks on our country's economic and social development programme for the next five years.

The Seventh Five-Year Plan (1986 - 90) right now is undergoing examination at the National People's Congress (NPC) session. While Deng said the new Five-year Plan would be very crucial for the implementation of China's current major policies, he pointed out rightly that our all-round economic structural reforms will mean much more than purely economic endeavour and would involve many other fields -- politics, education, science and so forth. There has been ample discussion dealing with how the reforms will affect our educational system and management of scientific and technological research. But it seems at least for the time being, that some of us have yet to think about the reforms' political implications.

Perhaps this is why Premier Zhao Ziyang, in his report to the NPC on the New Five-year plan, called on the nation to better understand, among other things, the change of government departments' administrative functions. The Premier has outlined clearly how the reforms will touch our nation's political institutions. He said that since the State would be changing its management of the enterprises from mainly direct to indirect control, the government departments concerned would have to change their functions accordingly. He emphasized that government economic departments should no longer devote all their energy to assigning quotas, approving construction projects and allotting funds and materials. Instead, they should be concerned with overall planning, implementing policies, organization and co-ordination, providing services, economic regulations, inspection and supervision.

I think that all in all, this means but one thing: That is, in the familiar expression, better ways to "serve the people." The Communist Party has always urged all its members to serve the people and it has mostly followed that line; apart from a few recent, disastrous occasions.

The "cultural revolution" was a case in point. When "serve the people" was painted as a popular slogan in every corner of the country, the people were actually divided into countless factions each accusing the other of being the "class enemy," totally ignoring many of their common interests, such as maintaining peaceful economic development. Much worse were the cases where "serve the people" was reduced to an excuse for not serving anybody. Many who protested against shop assistants' nasty manners were upset by the short, highly politically sensitive retort: "Who knows if you really represent the people!" Having gone through such an ordeal of consciousness, we have come to realize that "serve the people" should not merely remain a moralistic cliché. It should be institutionally effected.

This is not easy, however, even though we have reached the consensus that what we need to do is to develop our economy. More work has to be done to make our government's economic departments efficiently serve our interest in modernizing the country. Some of our economic offices were set up to deal with problems and shortages rather than development. Many tasks, such as allocation of finance, manpower, material supplies and marketing, were only taken on when our economy was confronted by severe problems.

Now that the problems that have long agonized China, such as how to feed and clothe the people, have been fundamentally solved, and more and more consumer and producer goods have entered the newly-broadened market, the managers of our economy no longer need to worry about the basics. Keeping the old ways of managing the economy generates bureaucratism. People don't want unnecessary administrative interference. The best way to serve their interests is to guarantee their workplaces adequate decisionmaking powers and to serve them efficiently. The important point about "serve the people" is not who the people are or its moral connotation (since all of us don't object to it morally), but the "service" itself and how best to render it. Our economic offices' service to our enterprises will have to be largely associated with the understanding of our nation's longterm goals.

Naturally, the most important work is to steer them in the right direction, to form enterprise groups, to buy new technology, or to drop an old item of production, or a combination of all these. Then the power of our economic offices will turn from the power to control into an intellectual power focused on how to best realize our long-term goals.

This is why the premier said that, during the next few years, economic departments in charge of overall management, inspection and supervision should be better staffed while offices of specialized management should be merged or streamlined as appropriate. This is why there have been so many articles discussing economic affairs in the press, and why so many intellectuals have been invited to participate in the decisionmaking process at all levels. This is, too, the reason for the emergence of so many policy research bodies and social science research institutions within the last few years.

Contrasting all these with the memories of my teenage days during the "cultural revolution," when trains were painted with the slogan "serve the people" but were always delayed, when theatres said "serve the people" but staged the same show year in and year out, when schools were supposed to "serve the people" but were closed, and when offices had signs reading "serve the people" but were closed, and when offices had signs reading "serve the people" but were notoriously inefficient, I must say: Our present reforms have really been a service to the people.

BO YIBO DISCUSSES REFORM ISSUES IN HUBEI

HK040243 Wuhan Hubei Provincial Service in Mandarin 1100 GMT 3 Apr 86

[Text] From 25 March to 1 April, Central Advisory Commission Vice Chairman Bo Yibo, together with responsible comrades of the Hubei Provincial and Wuhan City CPC Committees and Governments, held forums and listened to reports on urban economic structural reform, party rectification, straightening out party style, economic work, putting the legal system on a sound basis, and studying theory. During this period, Comrade Bo Yibo also inspected the Wuhan iron and steel corporation and met the director and some of the actors of the television drama "Zhuge Liang."

On the morning of 1 April, Comrade Bo Yibo made a speech at a gathering of responsible party-member cadres of Hubei Province. He said: The situation in Hubei is extremely good. He then gave his views on reform, building the two civilizations simultaneously, strengthening the building of the legal system, and studying theory. He said: The present situation in our country is very good. We have already found a way of building socialism with Chinese characteristics. We have a situation of stability and unity throughout the country. The leadership groups at all levels have acted in accordance with the spirit of the National Conference of Party Delegates last year and put into effect cooperation of new and old and replacement of old by new by forming an echelon structure. This has laid a very good foundation for doing away with the life-tenure system for leading cadres which indeed exists. This is the core of stability and unity.

The situation in Hubei Province is very good. This is shown by the fact that the leadership groups of the provincial CPC Committee and of the Wuhan City CPC Committee are united as one. China's economy has registered great development, people's living standards have improved somewhat, tremendous successes have been scored in rural reform, and initial results have also been obtained in reform of the urban economic structure. All this shows that the line, principles, and policies since the 3d Plenary Session of the 11th CPC Central Committee are correct.

Internationally, our influence is also extremely great. The present is one of the best periods in party history. Our party's new economic policies, including reform of the economic structure, are sincerely supported by the cadres of the whole party and the people of the whole country. He said: We will certainly persevere in the great guideline of opening up to the world, invigorating the domestic economy, and reforming the economic structure. We will certainly be able to persevere in this guideline. Reform is a great revolution for emancipating the social productive forces. It is without parallel in history. There are no ready-made experiences to which we can refer. We must rely entirely on our own efforts in integrating the universal truth of Marxism-Leninism with the concrete practice of China's socialist construction, and in continually probing, summing up experiences, and forging ahead in a truth-seeking way. This is socialist self-improvement.

Since reform is a great revolution, we have to take some risks. We cannot flinch when we encounter risks. We should hold our ground despite pressure of opposition. So far as specific measures are concerned, if problems occur, we must resolutely and promptly correct things. To do a good job in reform, we must provide careful guidance, act with caution, stop for a look at every step we take, and sum up experiences in good time. The State Council has decided that the reform guideline for this year is consolidation, digestion, replenishment, and improvement. This matches the current actual situation in China, and is extremely correct. It is essential to profoundly appreciate this guideline and seriously implement it.

We are now in the process of switching from the old to the new setup. Contradictions and friction are inevitable. The old setup has not yet been completely discarded. Parts of the new one have been established, but it is not yet complete. This may cause a certain amount of confusion, with some loss of control as a consequence. The only fundamental way to solve this problem is to persevere in reform, constantly find ways of solving problems in practice, continually probe and forge ahead, and gradually establish a completely new method of managing the economy to replace the old method. In this process, we must also pay attention to absorbing and adopting certain successful experiences gained since the founding of the state which have been proven correct.

Comrade Bo Yibo said: We must persistently grasp the building of material and spiritual civilization at the same time. On the one hand we must carry out reform and improve the economy, and on the other we must do a good job in rectifying our party. We should bring about a turn for the better in social mood by straightening out party style. In particular, we must resolutely crack down on economic criminals and oppose bourgeois liberalization. We must grasp material and spiritual civilization at the same time. At present we must focus on consolidating the fruits of party rectification. We are the ruling party. Doing a good job in building the ruling party is a long-term task. At present, we must do a good job in party rectification, first straightening out party style. At the same time we must complete the four tasks stipulated in the decision on party rectification. Ideology, work style, discipline, and organization must all be rectified properly. I hope that those places that have carried out party rectification in the province and the prefectures and counties will undertake a review. Only by rectifying the party well can we ensure the smooth progress of reform and socialist modernization and lay a good foundation for future party building.

Comrade Bo Yibo also focused on the question of building the legal system. He said: A current rather outstanding problem is there is a serious degree of replacing the law by the individual and by power in certain places. Many problems in party style and social mood are related to slackness in party discipline and in law in many places. And certain problems that have appeared in economic work are related to the fact that economic legislation is not on a sufficiently sound basis.

To bring about a fundamental turn for the better in party style and social mood and make a success of reform, we must on the one hand strengthen and perfect the socialist legal system, including economic legislation. We must strictly enforce party and government discipline and the legal system in all aspects of social and economic life, and follow the path of the legal system. At the same time, we must guide the party-member cadre, and first the party's leading cadres, to acquire knowledge of law, to understand the Constitution, laws promulgated by the state, and regulations announced by the State Council, to learn how to act according to law, and to set an example in respecting discipline and observing the law. In this way we will have an important guarantee for a turn for the better in party style and social mood and for the success of reform and construction.

Comrade Bo Yibo called on the cadres to step up theoretical studies. He said: Leading cadres must read several important works of Marx, Engels, Lenin, Stalin, and Mao Zedong. At the same time, he must study the CPC Central Committee's important documents and the important speeches of central Standing Committee [zhongyang changwei] comrades since the 3d Plenary Session of the 11th CPC Central Committee. All these must be studied in an integrated way.

I agree with the method of the Hubei Provincial CPC Committee. All levels have set up central study groups which carry out study in a planned way.

Comrade Bo Yibo spoke in conclusion on the question of the criteria for cultivating, selecting, and promoting cadres. He said: In selecting and promoting cadres, we must uphold the principle of having both ability and political integrity. One without the other will not do. In particular, ability without political integrity must be totally avoided. By political ability, we mean the strong ideal of striving all one's life for the communist cause, staunch party spirit, and loyal and honest service for the people. By ability, we mean work ability, good educational standard, and knowledge. Both ability and political integrity have to be learned.

After comrade Bo Yibo had spoken, Hubei Provincial CPC Committee Secretary Guan Guangfu spoke on behalf of the committee. He demanded that the comrades at the gathering seriously study and implement the spirit of Comrade Bo Yibo's important speech, spur the development of urban and rural reforms in Hubei, step up the building of the two civilizations, unceasingly work to straighten out party style, and consolidate and develop the province's excellent political and economic situation.

RENMIN RIBAO ON HORIZONTAL ECONOMIC TIES

HK031110 Beijing RENMIN RIBAO in Chinese 31 Mar 86 p 1

[Editorial: "Grasp Horizontal Economic Ties To Promote the Reform of the Economic Structure"]

[Text] In the economic life of our country, horizontal economic ties between enterprises, between localities, and between trades are rapidly developing. They are regulating and improving mutual economic relations in light of economic laws so as to more reasonably distribute such production factors as funds, raw material, equipment, technologies, and labor force and further develop social productive forces. The development such horizontal economic ties between localities, between different economic departments, and between economic units under different forms of ownership has forcefully attacked the old management system which is characterized by "barrier between localities and between economic departments," and has effectively promoted the reform of those relations of production and superstructure which are no longer suited to the development of the productive forces. This is of far-reaching significance in further advancing economic structural reforms and speeding up the development of the national economy.

In order to further promote the healthy development of horizontal economic combinations, the State Council has recently laid down a number of concrete stipulations on some issues concerned.

The development of horizontal economic ties will greatly promote economic development. In the process of modern mass production, horizontal economic relations must be built between various enterprises and between various localities so that they can concentrate their respective advantages to form a new and stronger capacity for commodity production. This is completely different from our previous "small and comprehensive" or "big and comprehensive" mode of economic development. An enterprise or a locality must have its own strong points as well as weak points. If they are completely separated from one another in their operation, or if they have no direct economic relations, their strong points may always be set off by their weak points. For example, many old enterprises in our coastal areas have technological and business advantages, but they are short of raw materials and power supply, and their plant space is too small. All this leaves them little room for development. On the other hand, enterprises in the interior have sufficient raw materials and plant space, but they remain backward as they lack advanced technology and proper management. These problems can be solved through the establishment of horizontal economic ties, and the deadlock can be broken: Advanced enterprises can gain the opportunities for further development; backward enterprises can acquire conditions for upgrading; and enterprises which are on the brink of bankruptcy can be revived. Economic combination can not only raise enterprises' microeconomic results, but can also bring about useful results in a wider scope so as to improve the macroeconomic conditions of the whole country. In short, combination can raise economic efficiency and productivity, and it is favorable to all parties concerned and to society as a whole.

At present, the ongoing urban economic structural reforms require us to break through the outmoded traditional system of "separating economic ties between various economic departments and between various localities" so as to form a united socialist market system as soon as possible and to build a socialist planned commodity economy with Chinese characteristics. The development of horizontal economic ties is in line with the historical requirement in one course of superseding the old with the new.

A characteristic of the old system is that horizontal economic ties between enterprises are ruptured by administrative means. Under the old system, enterprises were merely subject to the vertical administrative relations which could not ensure their economic results. At present, according to the objective needs in the development of the commodity economy, some enterprises hope to break through the limits of the vertical administrative relations and conduct commodity production and do business on a wider scale. However, their efforts are still often blocked by the old system. In this sense, the process of replacing the old system with a new system is in essence a process of extensively developing horizontal economic ties and breaking barriers between departments and between localities. Horizontal economic combination will strongly attack the old system and will thoroughly expose the defects of our existing system which hinders the development of the socialist commodity economy, thus advancing economic structural reforms through exposing and solving contradictions.

A precondition for developing horizontal economic ties is the further invigoration of enterprises, especially large and medium-sized ones. At present, many enterprises are still subject to unreasonable administrative control in the distribution of equipment, raw materials, energy, and transport facilities and in the fields of product distribution, financial affairs, and taxation. Enterprises have not been really functioning as independent economic entities which produce and deal in commodities, so they still cannot develop horizontal economic ties on the basis of equality, mutual benefit, voluntary participation, and common development, and they still encounter many difficulties in the course of advance.

In order to develop horizontal economic ties, we should first ensure that business operation power is indeed delegated to enterprises. Government departments in charge at all levels should continue the work of streamlining administration and economic management devolution, support and promote the horizontal economic combinations between enterprises, and actively reform the corresponding parts of the financial, taxation, and planning systems so as to create favorable external conditions for horizontal economic combination.

Horizontal economic ties should be developed in light of the principle of "giving play to one's strong points and avoiding one's shortcomings" and should always ensure good socioeconomic results. Better guidance should be given to such economic combination so as to bring it into line with the needs in the development of the national economy. Concretely speaking, it is necessary to guard against unreasonable expansion of capital investment and overlapping construction; to encourage the development of energy, transport, communications, and raw materials industries and the development of export goods and goods in short supply; to promote the combination between processing industrial enterprises and raw materials production enterprises, between military industrial enterprises and civilian industrial enterprises, between production enterprises and research institutes and colleges, between enterprises in coastal areas and interior areas, and between industrial, commercial, and foreign trade enterprises. We should not take arbitrary administrative measures to force any economic combination or rig up any "combination bodies." Only thus can we ensure the healthy development of horizontal economic combination.

SHAANXI, SICHUAN, HENAN, HUBEI COORDINATE TRADE

HK310247 Xian Shaanxi Provincial Service in Mandarin 0200 GMT 31 Mar 86

[Text] According to SHAANXI RIBAO, seven prefectures and cities including Ankang Prefecture in Henan, and Shiyan and Xiangfan cities in Hubei have broken down regional boundaries and recently set up a joint trade coordination commission for these provincial border areas. These areas will promote a variety of joint operations and agency activities by means of the commission. At the same time the prefectures and cities will take turns to hold an annual trade fair. The first such fair will be held in Xiangfan City in April.

MEASURES AGAINST ILLEGAL PUBLISHING ANNOUNCED

HK021506 Beijing XHONGGUO XINWEN SHE in Chinese 0612 GMT 31 Mar 86

[Report: "China Takes Measures To Ban Illegal Publishing Activities"]

[Text] Beijing, 31 Mar (XHONGGUO XINWEN SHE) -- Recently, the State Publication Administration Bureau, the State Administration for Industry and Commerce, and the Ministry of Public Security jointly issued an urgent circular demanding that various local governments concentrate their time and effort on taking effective measures to resolutely ban illegal publications and forbid the printing and circulation of illegal tabloids, magazines, and books. The department concerned revealed that the mainland now has unearthed illegal publishing activities conducted by 45 false publishing houses, 34 counterfeit publishing houses, and 64 units usurping the names of nonpublishing units or simply without names. They have already impressed and circulated over 170 types of magazines and books which publicize fighting, sex, murder, and feudal superstitions.

The circular says that the publications and illegal income of these illegal units and individuals must all be confiscated, that a fine must be imposed on them, and that leaders of the units and the persons concerned must be held responsible for what they have done.

With regard to units engaged in deceptive activities such as printing, publishing, and circulating reactionary, preposterous, and obscene books and magazines by assuming the names of publishing houses, public security departments will punish them according to the laws on public security or affix the responsibility for the offenses they have committed.

The circular provides that book and magazine dealers, be they units or individuals, are not allowed to buy or sell illegal publications and that printing (binding) factories are forbidden to undertake the printing (binding) of illegal publications.

YU QIULI ON COMPILING MILITARY ENCYCLOPEDIA

OW040351 Beijing XINHUA Domestic Service in Chinese 1721 GMT 3 Apr 86

[Text] Beijing, 3 Apr (XINHUA) -- Yu Qiuli, director of the PLA General Political Department, spoke this afternoon at the fourth editorial work conference on compiling the military section of the "The Great China Encyclopedia." He pointed out: In order to meet requirement of our Army's modernization drive, we should recruit a large numbers of comrades who have received a relatively high degree of military training and have had field experience to compile various types of quality military encyclopedia.

Yu Qiuli said: Compilation of a military encyclopedia is an important task and a major event in building modern science and culture. An encyclopedia can be said to be a treasure trove of knowledge and crystalized experience. It reflects a nation's scientific and cultural levels and promotes development and exchange of science and culture. Compiling a military encyclopedia will play an important role in raising the Army's military theory, upgrading military scientific and technological levels, and strengthening national defense. In engaging in the modernization drive in the Army and in national defense, we should, on the one hand, greatly strengthen research work on military science; starting out from our country's practical situation, we should constantly make fresh explorations in military field and strive the gradually reach world's advanced level. On the other hand, we should vigorously do a good job in popularization of military science and adopt the most effective way to impart military knowledge to the broad masses of cadres and fighters in our Army so that comrades at various posts will quickly acquire military knowledge for their jobs. Compiling and publishing of the encyclopedia is just one of the important methods to help broad masses of fighters study scientific knowledge and raise their military and political quality. He urged comrades responsible for the compiling work to continuously carry forward the hard-studying and exploring spirit and do a good job in compiling China's first military encyclopedia so as to make fresh contributions to revolutionize, modernize, and regularize our Army.

CHEN GUANGYI, HU PING ATTEND FUZHOU MEETING

OW031314 Fuzhou FUJIAN RIBAO in Chinese 26 Mar 86 p 1

[Excerpts] At a meeting held in Fuzhou on 24 March, leading members of the Fujian Provincial Party Committee and the Provincial Government heard reports given by leading members of the Fuzhou Municipal Party Committee and the municipal government. They discussed Fuzhou's plan for 1986 and set forth some guidelines for Fuzhou's future work.

After hearing the reports given by Yuan Qitong, member of the Standing Committee of the Fujian Provincial CPC Committee and secretary of the Fuzhou Municipal CPC Committee, and other leading comrades, the leading members of the provincial party committee and the Provincial Government unanimously endorsed Fuzhou's accomplishments during the past several years and its future plans. Speaking at the meeting, Chen Guangyi, secretary of the Fujian Provincial CPC Committee, said: Fuzhou's situation and work are both satisfactory. Thanks to its achievements in reform and opening to the outside world over the past several years, Fuzhou has found a relatively quick way to achieve better economic results. The people in Fuzhou are quite satisfied with these successes achieved.

He said: Fuzhou, the provincial capital, is Fujian's political, economic, and cultural center and "showcase," whose advantages include easy accessibility by land, sea, air, and river; its mountain and sea resources; its being a hometown of many Overseas Chinese; its economic zones; and its subtropical weather. Henceforth, Fuzhou should continue to open to the outside world and should pay attention to reform, development and transformation. At the same time, Fuzhou must continue to set an example for other parts of the province in material and spiritual construction. In particular, Fuzhou should play a leading role in the following areas: its work in various fields should be ahead of other parts of the province; its output of major industrial and agricultural products should be higher than other parts of the province; and its urban construction and administration should keep up with an open city's needs. This includes planting more trees to beautify the city and maintaining urban cleanliness. Fuzhou must also serve as a "showcase" of Fujian's spiritual construction. Furthermore, Fuzhou should play a leading role in promoting Fujian's economic development, especially the economic development of its eight affiliated counties, where there are rich mountain and sea resources and favorable economic conditions. Fuzhou and these counties should pay attention to developing lateral economic -- not administrative -- ties. Fuzhou should develop its processing industry to bring along production of raw and semifinished materials, and its large and medium-size enterprises should provide guidance for small rural enterprises and neighborhood or family-operated industry.

During the meeting, Governor Hu Ping urged Fuzhou to properly handle the relationship in five areas: the relationship between the open-door policy and reform and planned economy; between long-range plans and immediate projects; between overall planning and ensuring the needs of major projects; between cities and counties; and between striving for progress and operating according to ability. The governor also emphasized the following requirements: 1) Cities and rural areas alike must give top priority to production; 2) old enterprises' outmoded equipment should be replaced so that their operation will become more profitable; 3) Fuzhou should develop new technology, new products, new resources, and new markets; 4) it should speed up utilizing Overseas Chinese and foreign capital; 5) it should give its enterprises greater decision-making authority to carry out lateral economic ties, but should provide them guidance so that the project can proceed according to plan.

Lateral economic ties should be promoted in such a way that all partners can be called upon to contribute their resources to achieving common growth. Besides, there should be "limits" for raising capital, and administrative measures should not be used; 6) attention should be given to the development of tertiary industry; and 7) urban administration should be modernized.

Also present at the meeting were Jia Qinglin, deputy secretary of the provincial party committee; Zhang Yumin, secretary general of the provincial party committee; Cai Ninglin, member of the Standing Committee of the provincial party committee; You Deqing and Wang Yishi, provincial vice governors; and Wen Fushan and Zhang Gexin, vice chairmen of the Advisory Commission of the provincial party committee. They also presented their opinions at the meeting.

JIANGXI LEADERS VISIT PHOTOGRAPHIC EXHIBITION

OW021036 Nanchang Jiangxi Provincial Service in Mandarin 1100 GMT 1 Apr 86

[Text] According to our correspondent Chen Shanxi, the Blue-Shield-Is-Shining photographic exhibition, cosponsored by the provincial Public Security Department and the Jiangxi chapter of the Chinese Photographers Association, opened today in the exhibition hall of the provincial Federation of Literary and Art Circles.

Leading party, government, and Army comrades of this province, including Wang Zhaorong, Wang Baotian, Peng Shengxi, and (Chen Guisun), visited the exhibition.

The exhibition is the first of its kind in our province showing the work and life of cadres and members of the public security, armed, and protective [Bao Wei] police forces. The exhibition includes 130 photographs, both in color and black and white. After these photographs are judged, the prize-winning works will be sent to the national Glory-of-Guards photographic exhibition.

SHANDONG CIRCULAR ON FERTILIZER INDUCEMENT SALE

SK031303 Jinan Shandong Provincial Service in Mandarin 2300 GMT 1 Apr 86

[Text] The provincial People's Government recently issued a circular to readjust the existing policy on the inducement sale of fertilizer in the purchase system of farm and sideline products.

The circular states: Phosphate fertilizer and ammonium hydrocarbonate turned out by the local plants can be sold without restriction and will no longer be counted in the fertilizer quota sold for inducement. Those engaging in production of grains, cotton, peanuts, and flue-cured tobacco, whose production is covered by the 1986 plan for contract purchase system, will enjoy the privilege of buying fine-quality fertilizer. Products that are not covered by the contract purchase system, such as bluish dogbane, best, sesame, and hogs, will not be eligible for the inducement sale of fertilizer.

The circular states: The concrete criteria for the privilege enjoyed by those engaging in production of grains, cotton, peanuts, and tobacco are as follows:

Those engaging in grain production may enjoy the privilege of buying 30 kilograms of fixed-price and fine-quality fertilizer for every 100 yuan earned from selling their grains.

Those engaging in cotton production may enjoy the privilege of buying 20 kilograms of fixed-price and fine-quality fertilizer for every 1-dan sale of ginned cotton.

Those engaging in peanut production may enjoy the privilege of buying 15 kilograms of fixed-price and fine-quality fertilizer for every 1-dan sale of shelled peanuts.

Those engaging in tobacco production may enjoy the privilege of buying 35 kilograms of fertilizer of every 1-dan sale of high-class flue-cured tobacco, 10 kilograms of fertilizer for every 1-dan sale of middle-class flue-cured tobacco, and nothing for the low-class flue-cured tobacco. The regulations and rules on supplying fertilizer to the bases of fine-quality tobacco remain unchanged.

The circular also stipulates that the accounting work of fertilizer inducement sales should be carried out at every level and that the inducement sale system should be implemented at every level in order to ensure that those who have sold their products will be able to obtain fertilizer in a timely manner.

SHANGHAI STEPS UP PLANS TO BUILD 'SILICON VALLEY'

HK031326 Beijing ZHONGGUO XINWEN SHE in Chinese 0856 GMT 31 Mar 86

[Text] Shanghai, 31 Mar (ZHONGGUO XINWEN SHE) -- Shanghai is stepping up the preparations for constructing its silicon valley. Representatives of more than 10 foreign companies and business groups from America, Europe, and Asia have visited Shanghai to sound out the possibility of cooperation.

The silicon valley is located in the Caohejing area southwest of Shanghai. According to the plan, it will occupy 170 hectares of land. An industrial estate will be built there to develop high technologies, including computers, large-scale integrated computers, and optical fiber communications facilities.

Experts hold that the Caohejing district is a good place for developing high-tech industries, because "the air and water are clean and noise pollution is not serious." The surroundings of silicon valley are "smokeless areas" where there are many research institutes, new electronics plants, and parks with dense vegetation. In general, the environment is favorable. Another favorable aspect which interests foreign investors is the convenient transportation conditions. The silicon valley is just 7 kilometers away from Hongqiao international airport, and many public transport services link it with downtown. A newly built 220,000-volt transformer substation, three large gas tanks, and a new telecommunications station will soon be put into operation.

The blueprint for the Shanghai silicon valley also shows that apart from factories, new office buildings, information centers, warehouses, transport facilities, banks, insurance companies and commodity inspection bureaus, customs organs will also be built or set up there. There will also be some residential buildings, shops, restaurants, and other entertainment facilities. Eight hundred mu of land in silicon valley will be used to plant trees.

At present, the authorities in Shanghai are requisitioning land and inviting tenders for the construction projects.

SHENZHEN STARTS NEW ENTRY CONTROL PROCEDURES

HK030955 Guangzhou Guangdong Provincial Service in Mandarin 0400 GMT 2 Apr 86

[Excerpts] Shenzhen Special Economic Zone formally opened the new administrative line at 0800 on 1 April.

Yesterday, this station's reporters went to three major checkpoints at Nantou, Shawan, and Buji to cover the inspection situation.

The Shenzhen Administrative Line has a total length of 86 km. There are six checkpoints on highways and two on waterways, as well as 29 passages.

The checkpoint at Nantou is the major one linking Shenzhen and Guangzhou, as well as other places in China. It is therefore fully equipped. According to (Hong Changming), head of the special economic zone office for customs inspection, with the inauguration of the administrative line, the standards of management have been greatly improved. Things have been made more convenient for travellers and vehicles. He said: At present, the time needed to inspect a 40-seat vehicle has been reduced from over 5 minutes to about 3 minutes.

Later, the reporters interviewed (Liu Wenjie), deputy chief of Jiulong customs service, on the issue of articles travellers are allowed to carry. He said: as previously stated, when traveling in and out of the special economic zone, travelers are allowed to bring with them some items of clothing, a small amount of food, and one or two home electric appliances, including color television sets and refrigerators, provided that the goods are for their own use.

CHEN HUIGUANG ON GUANGXI'S ECONOMIC DEVELOPMENT

HK031544 Nanning Guangxi Regional Service in Mandarin 1100 GMT 31 Mar 86

[Excerpts] Dear listeners! Judging from the level of the economic development, our region now ranks third from the bottom in the whole country. However, our region abounds in resources endowed by nature and has natural advantages. How can we give play to these advantages and promote our region's economy? Not long ago, a station reporter visited and interviewed Comrade Chen Huiguang, secretary of the regional CPC Committee.

In the course of conversation, Comrade Chen Huiguang wittily said to the reporter at the very beginning: A short person cannot grow tall all at once, can he? I think that there is no shortcut to developing our region's economy. The key to promoting our region's economy lies in giving full play to our region's advantages, in fostering the strong points, and in circumventing the weak points. We must do work well and in a down-to-earth manner. We must be confident but not impetuous.

He said: First, we must lead the cadres and the masses to correctly analyze our region's situation. Our region has excellent conditions for natural resources and natural conditions. It not only abounds in mineral resources but also has a subtropical climate. It can vigorously develop sugar crops, many kinds of subtropical fruits, many kinds of rare Chinese medicinal herbs, and aromatic crops. Many of these industrial crops are not grown in other places. In addition, our region has a vast mountainous area and grassland. The total area of the whole region is nearly 400 million mu, some 300 million mu of which is mountainous regions. All this is very beneficial to the development of forests, forage grass, and the breeding trade. We must fully understand these regional advantages.

Second, in accordance with demands presented by Comrade Hu Yaobang while in Guangxi this time, and in the course of developing our region's economy, we must persist in grasping various reforms, continue to implement the policy of invigorating the domestic economy and opening to the outside world, emancipate our minds a little more, and take flexible and varied measures to stimulate economic development. We must now concentrate our energy to do well in grasping several aspects of work:

1. It is necessary to get a good grasp of industry -- a backbone task. In accordance with our region's resources, we must set up a large number of light and textile, building material, and food industrial enterprises and township enterprises which require little investment and a short construction period and which produce quick results. In addition, we must seek the Central Authorities' support in building many large industrial projects and hydroelectric power stations, such as the Pingguo aluminum mine, (Dachang) Mining Bureau, and (Yuantan Tianshengqiao) Hydroelectric Power Station. In industrial production, we must grasp the central link -- invigorating enterprises and promoting circulation, constantly perfect all forms of the economic responsibility system, constantly perfect all forms of the economic responsibility system, strengthen enterprise management, and step up enterprises' technological transformation and renewal of equipment.

2. It is essential to have a good grasp of agriculture -- a foundation. While further perfecting all forms of the production responsibility system, in the light of our region's characteristic of having many uncultivated mountainous areas, we must continue to grasp well the readjustment of the rural production structure. We must not relax grain production. We must cultivate grain everywhere grain can be cultivated. Through scientific farming, we must increase the per-mu yield and gross output. We must mobilize the masses to exploit and utilize the untilled mountain areas, vigorously cultivate all kinds of subtropical industrial crops and fruits, and plant economic forests and commercial forests. We must especially and vigorously cultivate anise, cassia, pseudo-ginseng, tung trees, pomelos, litchi, longan, pineapples, oranges, bananas, and so on. The region is prepared to formulate some policies and measures which are beneficial to the development of fruits, in order to encourage the masses to develop fruit production. Beginning this year, the whole region will plan to increase subtropical fruit production by 10 percent each year.

3. It is imperative to vigorously develop foreign trade and to strive to earn more foreign exchange. This year, we must make full use of our region's advantages of facing Southeast Asia with our backs to the great southwest of China and give play to the role of the coastal ports along the coasts, including Beihai and Fangcheng, and the inland ports, including Guixiang County and Wuzhou ports in foreign trade. We must also vigorously develop our region's unique export products to earn foreign exchange. Our region has been called the third Overseas Chinese hometown. Through the implementation of the policies of Overseas Chinese affairs, we must extensively make friends with them, keep wide contacts with them, and utilize the advantages -- their staying abroad -- to introduce foreign capital and to establish contacts for us. At the same time, we must vigorously develop tourism work and strive to earn more foreign exchange this year. In addition, we must strengthen contacts with Jiangsu, Yunnan, Guizhou, Sichuan, and Guangdong Provinces and do a good job in economic cooperation.

In conclusion, Comrade Chen Huiguang stressed: Changing the leadership style is the job of promoting our region's economy which cannot be neglected. Leading cadres at all levels must scale heights and go deep into the grass roots as proposed by Comrade Hu Yaobang. Every leading cadre must study Marxism-Leninism and modern scientific management knowledge well.

After going down, leaders at all levels must do ideological and political work well from door to door, encourage the masses to get rich through hard work, and seriously do well in helping the poor. We must strive to basically solve the masses' problems of clothing and food in the poor places within a few years.

When the interview was about to come to an end, Comrade Chen Huiguang said with deep feeling to the reporter: Of course, when we work, we must always keep a clear head. When we talk about advantages, we must not be unrealistically optimistic. We must sufficiently understand our region's history. Our region's economic foundation is relatively poor. The amount of investment in construction during the Seventh 5-Year Plan period is limited. Some projects can only be put into operation after several years' construction. It is therefore, impractical to change our region's backward outlook in a very short time. In a word, we must be confident but not impetuous. However, I believe that so long as the cadres and the masses of all nationalities throughout the region will work with one heart and one mind, are united, and work hard and in a down-to-earth manner for 8 or 10 years, Guangxi's backward outlook will change and the strategic target of promoting Guangxi's economy as a whole will surely be realized.

When the reporter got up and took leave of Comrade Chen Huiguang, the latter said with a hearty laugh: I have full confidence in this.

HAINAN COUNTY IMPROVES FAMILY PLANNING RESULTS

HK030641 Haikou Hainan Island Service in Mandarin 0400 GMT 1 Apr 86

[Text] Lingao County has worked hard in perfecting family planning service organizations. In addition to establishing the county propaganda and technical service center for family planning, it has set up similar centers in its 17 districts and towns, thereby achieving good results in the family planning work.

Previously, Lingao County had a rather high birth rate and natural population growth rate, and a high rate of births in families already having children. In order to do well in the work, the county established, in April 1984, the county propaganda and technical service center for family planning. Then, it also set up similar centers in various districts and towns.

In addition to publicizing the principles and policies concerning family planning through broadcasts, the staff of these centers go to various towns and villages to propagate these principles and policies among couples of childbearing age. They carry out painstaking ideological and political work, educating the couples in observing the principles and policies. The staff also visit couples who have just had sterilization operations. They promptly offer free medical services when they discover that a couple is affected by sequelae of the operation.

Following the establishment of family planning organizations, Lingao County has greatly promoted the family planning work. Thus, the county's rates of birth, of natural population growth, and of births in families already having children have been sharply reduced. Last year, the number of newborn babies in the county was reduced by 1,505 compared with the previous year. This was 1,434 people less than the birth control quota assigned by the region.

From 26 to 28 March, the regional family planning committee held an on-the-spot meeting in the county to commend the county's work of perfecting the family planning organizations and promoting the work.

HENAN SETS UP PROVINCIAL EDUCATION COMMISSION

HK030807 Zhengzhou Henan Provincial Service in Mandarin 2300 GMT 31 Mar 86

[Text] The Henan Provincial Educational Commission has been set up and will formally begin work for the public on 1 April. The former provincial Education Department will be abolished at the same time.

This decision was announced by Vice Governor Hu Tingji at a plenary meeting of all working personnel of the Provincial Education Commission on 25 March. Comrade (Yu Youxuan) will hold the post of chairman of the Provincial Education Commission and be concurrently the secretary of its party group. (Xu Yuchun), (Zeng Jianrong), (Zhang Haiting), (Li Chunxiang), and (Kang Lizhen) will hold the posts of vice chairmen.

The establishment of the provincial Education Commission is an important policy decision which the provincial CPC Committee and provincial Government have adopted to strengthen leadership over the educational work throughout the province.

Vice Governor Hu Tingji hoped that from its establishment, the provincial Education Commission would adhere to the guiding ideology -- doing a good job in macroeconomic control and macroflexibility and strengthening service work -- harmonize internal and external relations, make good arrangements for this year's work, and create a new situation in our region's education work.

(Yu Youxuan) spoke at the meeting.

HUNAN WORK CONFERENCE ON POLITICAL, LEGAL WORK

HK030801 Changsha Hunan Provincial Service in Mandarin 2300 GMT 31 Mar 86

[Excerpts] The provincial conference on political and legal work opened in Changsha on 31 March. The main aim of the conference is to convey and act in the spirit of the national conference on political and legal work and to discuss and work out plans for this year's work.

The conference was attended by over 110 people, including responsible comrades of various prefectural, autonomous prefectural, and city CPC committees, and of public security bureaus, procuratorates, courts, judicial departments, and provincial departments concerned.

In the afternoon of 31 March, Dong Zhiwen, Standing Committee member of the provincial CPC Committee and secretary of the provincial Political and Legal Committee, made a work report at the conference.

At the conference, Comrade Dong Zhiwen proposed this year's tasks and work goal.

He said: In 1986, our tasks and work goals are: On the basis of fundamentally changing for the better in social order, we should strive to further improve and maintain social order. In order to achieve this goal, we must continue to seriously hit at serious crimes, be determined in seriously hitting at serious economic crimes, and seriously handle the major cases. No matter what the obstacles and whoever is involved in the cases, we must thoroughly investigate each of them. We must treat the work of popularizing legal knowledge and perfecting the social order responsibility system as the focal point, while implementing various measures in an all-round way. In order to score achievements in the work of popularizing legal knowledge, we must focus on the work among leading cadres and youths, particularly those who have previously made mistakes.

Moreover, we must help departments do well in their work of providing guidance, so as to promote development in an even way. We must perfect various types of responsibility system concerning social order and security, so as to cause various measures to be really implemented down to the grass roots. Reform and education through labor are also part of the work. Therefore, we should seriously handle them well. When carrying out the comprehensive measures concerning social order, we must also strengthen the building of political power and organizations at the grass roots. We should strive to improve the fighting capacity of such organizations as party branches, public security and judicial departments, and so on at the grass roots.

Comrade(Dong Zhiwen) stressed: We must strengthen the building of the ranks of political and legal staff, and strive to improve the cadre-policemen's political and professional quality so as to improve their efficiency.

HUNAN ISSUES REGULATIONS ON RADIO COMMUNICATIONS

HK030859 Changsha Hunan Provincial Service in Mandarin 2300 GMT 1 Apr 86

[Text] According to HUNAN RIBAO, the provincial People's Government has approved the promulgation of interim procedures for radio communications so as to strengthen the supervision over and maintain the order of radio communications and to keep the communications channels clear. The procedures became effective on 1 April.

The procedures stipulate that all radio stations must apply for an operation permit from the administrative committees for radio communications at provincial, prefectural, and city levels. Upon approval, they will be issued a license for operating a station and a certificate for using radio channels. All projects of studying and producing radio receivers and transmitters must be planned in a centralized way by the provincial electronics industry department. Only the assigned research and production units are allowed to undertake the projects, and no other units or individuals are allowed to purchase and assemble radio receivers and transmitters without authorization. All units that sell radio equipment with transmitting power as strong as that stated in the law must, before starting their operations, submit their application for approval from the commercial supply and marketing departments at and above country level, get approval from the local administrative committee for radio communications, and be issued a business license from the administrative department for commerce and industry. No other units or individuals are allowed to sell or resell without authorization the radio equipment with transmitting power as strong as that stated in the law. The radio equipment with transmitting power as strong as that stated in the law can only be purchased with the approval from the local administrative committee for radio communications and with the province's permit for purchasing radio equipment.

YUNNAN DISCIPLINE INSPECTION MEETING ON TASKS

HK030443 Kunming Yunnan Provincial Service in Mandarin 2300 GMT 2 Apr 86

[Excerpts] The second enlarged plenary meeting of the Yunnan Provincial CPC Discipline Inspection Commission which concluded in Kunming on 2 April stressed that the party committees and discipline inspection commissions at all levels and the whole body of party members must brace their spirits, be filled with confidence, strengthen their sense of the cause and of responsibility and urgency, get a resolute and unstained grasp of curbing malpractices and correcting party style, and strive for a fundamental turn for the better in party style.

The meeting held: We must have a clear picture of how stubborn the various malpractices are and how they keep on appearing. We must realize how arduous and complex is the work of curbing malpractices, and carry out work to curb malpractices and correcting party style for a long time without relaxing for a single day. Only thus can we bring about a fundamental turn for the better in party style.

The meeting held: In connection with reality, we must pay attention to grasping the following issues this year:

1. Uphold the party's political discipline, and resolutely correct political liberalism and the unorganized and undisciplined conduct of failing to carry out orders or impose curbs and of going one's own way.
2. Resolutely correct malpractices with sectoral characteristics in making use of the powers of one's particular sector to make things difficult for the masses and impose on them and violate the interests of the state and the masses. We must seriously investigate and deal with violations of law and discipline in taking advantage of the province's strong point in natural resources to get hold a materials and engage in illegal speculation aimed at making vast profits. We must deal hard blows at speculation, swindling, smuggling and peddling contraband, bribery and corruption, and other serious economic crimes.
3. Resolutely correct malpractices in arbitrarily using money and material and randomly occupying farmland to build houses and so on.
4. Strengthen ideological and political work and be concerned for the masses' weal and woe. We must resolutely correct malpractices of issuing compulsory orders and arbitrarily fining and imposing charges on people.
5. Resolutely correct the practice of party-member cadres participating in feudal superstitious activities. We must resolutely ban leading party-member cadres from organizing lavish weddings and funerals and spending public funds on extravagance and buying gifts.
6. Resolutely correct malpractices of abusing power in organizational and personnel work.

The meeting stressed that in order to fulfill this year's discipline inspection work tasks, under the unified leadership of the party committees, it is necessary to mobilize and organize the forces of the whole party and truly form a situation in which the whole party acts to improve party style.

GANSU'S LI ZIQI AT PARTY RECTIFICATION FORUM

HK030811 Lanzhou Gansu Provincial Service in Mandarin 1100 GMT 30 Mar 86

[Excerpts] The provincial CPC Committee leading group for party rectification urges leading comrades at all levels in charge of party rectification work to go down to the grass roots, to conduct research, to strengthen specific supervision, and to help the grass roots party organizations solve practical problems concerning party rectification.

This was proposed at the provincial forum on party rectification work in towns and townships of the rural areas, which was held in late March.

Most of the province's prefectures and counties started the party rectification work among towns and townships after the Spring Festival. The forum held that the province had made a good start in the work. However, the development was uneven and there were some problems yet to be solved. Therefore, the forum put forward six issues concerning the party rectification work at the town level.

First, when carrying out party rectification among towns and townships of the rural areas, we must focus on strengthening party spirit and correcting party style. We must strive to accomplish the requirements in four areas. While handling economic work, we must also grasp party rectification work.

Second, we must seriously administer the party. On matters concerning ideology and education, we should set strict demands. When handling cases of violating discipline and taking disciplinary measures, we must strictly follow party discipline. On registration of party members, we must strictly enforce the requirements for party members. We must uphold the effective system concerning party activities.

Third, we must particularly study policies and grasp them well.

Fourth, we must do well in the party rectification work of propaganda and supervision units.

Fifth, we must do well in building the CYL organizations in the rural areas, and give full play to their role of being the assistant and the reserve force. We must ask the responsible CYL cadres to recruit new members from the town and township enterprises, so as to perfect the CYL organizations at the grass roots and to develop their activities.

Sixth, party committees at county, city, and district levels must take responsibility in an all-round way and strengthen their leadership over the party rectification work among towns.

The closing session was presided over by Wang Zhanchang, while Li Ziqi and Liu Bing made speeches. They urged the party organizations at all levels to strengthen their leadership over the party rectification work among towns and townships, to stress education in party spirit, to strengthen the party building in the rural areas, and to accomplish in an all-round way the party rectification work among towns and townships.

SHAANXI DISCIPLINE INSPECTION MEETING CONCLUDES

HK300147 Xian Shaanxi Provincial Service in Mandarin 2300 GMT 29 Mar 86

[Excerpts] The 6-day provincial discipline inspection work conference concluded in Xian on 29 March. The conference conveyed and studied the spirit of relevant central documents, analyzed the current state of party style in the province, and made arrangements for this year's work.

At the conclusion of the meeting, speeches were made by Zhou Yaguang, deputy secretary of the provincial CPC Committee and secretary of the Discipline Inspection Commission, and Li Sengui, member of the standing committee of the provincial CPC Committee and deputy head of the provincial CPC Committee's leadership group for cracking down on serious economic crime. Provincial CPC Committee Secretary Bai Jinian also spoke.

Zhou Yaguang pointed out in his speech that certain serious unhealthy trends have still not been curbed, and many new problems have arisen in the new circumstances. Although these problems have only occurred among a few people, we must certainly not take them in a light or leisurely fashion; we must summon up great resolve and devote great energy to seriously solving them.

Zhou Yaguang said: In straightening out organ work style, we must first start with the provincial organs, so as to set an example for the whole province.

Zhou Yaguang demanded that the party committees strengthen leadership over the effort to straighten out party style and assign this work an important place on their agenda. He pointed out: The party organizations at all levels and their leading members must clearly understand that failure to improve party style is the greatest dereliction of duty. Failure to do a good job in party style in an area of unit is one of the main expressions of lack of competence in that unit's work. The provincial CPC Committee has proposed that in the current work of straightening out party style, anyone who fails to attach importance to this work, works ineffectively, and does not correct serious malpractices is to be resolutely relieved of his duties. Whether the masses are satisfied or not should be the criterion for determining whether the work of straightening out party style has been effective.

Bai Jinian said in his speech: The most fundamental thing in straightening out party style is to strengthen the cadres' ideological feeling of love for the masses. At present certain cadres lack this feeling, do not listen to the masses' cries, and do not act to solve the problems that concern them. This is a sign of rottenness. We hope that every party member and the cadres at all levels will staunchly carry out the party's line, principles, and policies.

SHAANXI'S BAI JINIAN MEETS NEW CYL LEADERS

HK030803 Xian Shaanxi Provincial Service in Mandarin 0030 GMT 1 Apr 86

[Text] The Seventh Shaanxi Provincial CYL Committee yesterday held its first plenary meeting to elect its leadership organ. (Hu Changcheng) was elected secretary of the provincial CYL Committee and (Yao Yu) and (Zhang Zhengqiu) were elected deputy secretaries. The meeting also discussed and adopted the decision on really strengthening and improving the CYL grass roots work.

Leading comrades of the party and government, including Bai Jinian, secretary of the provincial CPC Committee, yesterday met all newly elected committee members of the Seventh Shaanxi Provincial CYL Committee. Comrade Bai Jinian encouraged them to learn from books and practice and to master theoretical, scientific, and cultural knowledge through many channels. They must temper themselves and grow up in the course of practice in society.

I. 4 Apr 86

C H I N A
PRC MEDIA ON TAIWAN AFFAIRS

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KMT MEETING SEEN CONTINUING 'INFLEXIBLE STAND'

OWO21425 Beijing XINHUA Domestic Service in Chinese 1614 GMT 1 Apr 86

[Text] Beijing, 1 Apr (XINHUA) -- According to news reports from Taipei, the 3d Plenary Session of the 12th Kuomintang Central Committee was held in Taipei from 29 to 31 March after a delay of more than a year. The plenary session turned a deaf ear to the ardent expectation of Taiwan public opinion that the Kuomintang might make changes and adopt new policies, and it stuck to the inflexible stand of no contact or talks with the mainland.

Since the 2d Plenary Session of the 12th Kuomintang Central Committee in February 1984 and particularly since last year, a series of major events have taken place in Taiwan. These events have caused strong repercussions in the political situation and public feelings of Taiwan. Public opinion in Taiwan "eagerly called for changes and new policies" and offered many constructive suggestions in connection with the Third Kuomintang Plenary Session. At a recent "forum on the expectations and suggestions for the Third Plenary Session of the party in power" sponsored by ZILI WANBAO, Tao Baichuan, national policy adviser to the president, criticized the Kuomintang authorities' policy of no contact, no talks, and no compromise with the mainland and said the policy "will not be conducive to peaceful reunification." Xiang Diguang, director of the Mainland Problems Research Institute at Wenhua University, said at a forum that "reunifying China is the responsibility of the Chinese people. China must reunify. This is the trend of history." In an article entitled "Some Straight Talk About the 80 Years of My Taiwan," public figures Zhou Heyuan urged to put an end to the confrontation across the strait so that the children of the Chinese nation on both sides of the strait do not have to be lonely for each other. He said that "considering the roots of history, I believe that blood is thicker than water. Taiwan's economic development needs a market and resources. There will be great prospects for development if Taiwan has access to the mainland's broad market and resources." Some people also urged the Kuomintang authorities to lift martial law, put an end to rule by special agents, and practice political democracy on the island of Taiwan.

The Kuomintang authorities decided that the central subject of the plenary session would be "to review the past, prepare for the future, and open up bright prospects for the nation." However, although Chiang Ching-kuo's opening address, which was read on his behalf by Ma Shuli, secretary general of the Kuomintang Central Committee, asserted that "there is one China" and "China will certainly be reunified," the address also declared that "China must be reunified under the Three Principles of the People. This stand must never be changed."

According to a report by Taiwan's "Central News Agency," some 950 persons attended the plenary session either as voting or nonvoting members. They heard nine work reports on party affairs, administrative work, the situation on the mainland, and other subjects.

The plenary session made some slight changes in the Kuomintang Central Standing Committee. Four new members were elected to replace Sun Yunxuan, Ma Jizhuang, Yan Zhenxing, and Zhao Ziqi, and who were relieved of their posts. The four new members are 69-year-old "Minister of Education" Li Huan, 49-year-old "Minister of Interior" Xu Boxiong, 51-year-old "Minister of Justice" Shi Qiyang, and 49-year-old Chen Luan, "Chairman of the National Science Council of the Executive Yuan." Two of them are natives of Taiwan Province, bringing from 12 to 14 the number of the Central Standing Committee members who are natives of Taiwan Province.

SPEECH BY TAIWAN'S CHIANG CHING-KUO ON REUNIFICATION

OW030553 Taipei CHINA POST in English 30 Mar 86 pp 6, 7

[Excerpts] Address of Party Chairman Chiang Ching-kuo at the opening of the Third Plenary Session of the Twelfth Central Committee of the Kuomintang on 29 March 1986 -- [Hong Kong AFP at 0809 GMT on 29 March reports that Chiang Ching-kuo's "40-minute speech was read by KMT Secretary General Mah Soo-lay because doctors had advised Mr. Chiang, who is 76 and suffering from chronic neuritis caused by diabetes, not to put much weight on his left foot."]

Gentlemen, comrades:

The Third Plenary Session of the Twelfth Central Committee of the Kuomintang opens today concurrently with that of the Third Central Advisory council.

Surveying, now, the ever-changing situation of the world around us; observing the turmoil across the Strait on the mainland; directly confronting our mainland compatriots' intense longing for stability; and pondering, with great concern, the unfulfilled wishes of the Tsungli (Party Founder), Dr. Sun Yat-sen, and of the Tsungtsai (Party Leader), the late President Chiang Kai-shek, I am deeply struck by the urgency and significance of our mission for combating the communists and reviving the nation.

Over all these years, the question of China's future has been constantly in our people's minds, to be thought of, explored, and talked about. Like all others, I have always pondered questions concerning the kind of future China might have, the direction and specific routes we should follow, the proper way to achieve long-term stability and security for our country, and the initiatives which will bring to all our compatriots permanent freedom and happiness and will make our share of contributions to the world. All these questions concern the whole of China.

Taiwan, ruled by the Japanese militarists for half a century, was devastated as a result of World War II. Immediately following the restoration of Taiwan to China, everything lay waste, and full-scale reconstruction was urgently needed. Agricultural production fell short of the minimums required to feed the population; industry was almost nil; per capita income was extremely low; and people with elementary education or above accounted for less than one-third of the total population.

By 1949, the situation on the Chinese mainland had seriously deteriorated, and the people were in a state of desperate anxiety -- that was a time of imminent peril and chaos. Yet, because of our calm persistence and courageous effort, not only were we able to stabilize the rapidly shifting situation, but from July 1950, to quickly institute here a democratic system of local self-government. In 1953, the government initiated its first four-year economic development plan. And now, after more than 30 years of dedication and hard work by our people to implement the ideals of the three Principles of the People, we witness the creation of what the international community so very often terms the "Taiwan miracle."

Indeed, we fully realized that this "miracle" has not come about miraculously at all: It has risen from the combined will, intelligence, sweat and toil of our government and people. It was achieved by good leadership, constant effort, and hard, dedicated work. It directly reflects the processes through which we have overcome numerous challenges and hardships.

Here, rather than listing those statistics that highlight our progress, I will, instead, present a few important facts -- implications that have involved almost all the people of Taiwan, Penghu, Kinmen, and Matsu, and many patriotic overseas Chinese; each and all have devoted themselves to the task of national revival, one more proof for the axiom, "unity is strength".

First, we note that the last three and a half decades have been, for our country, an extraordinary period marked by constant confrontation with a formidable enemy. During this period, while we have spared no effort to strengthen our military muscle and reinforce our national defense, we have engaged in an immense variety of developmental tasks in order to attain a prosperous society. Politically, we have remained a firm member of the democratic community, and regularly held fair, open, and impartial elections at different levels to facilitate the smooth operation of a constitutional democracy and assure our great goal of "the people with sovereignty, the government with ability." This is surely the very foundation of our country's unity and stability.

Second, we have always, and continue to harbor the belief that man can triumph over nature. On the basis of such a belief and our people's industry, we have developed a strong economy with a per capita income more than 10 times that of our mainland compatriots. Most of all, the distribution of wealth in our society is notably equitable. All those willing to bear hardships and work hard are able to enjoy full self-development opportunities. Moreover, since our natural resources are limited, we have successfully exploited our unlimited spiritual resources. On the basis of such continuous effort, we now rank the 15th in terms of trade among the world's more than 160 countries. Our economic development as an implementation of the Principle of the People's Well-Being has proved very fruitful.

The third, and perhaps the most important, point is that our society is full of vigor. In concert with the moral concepts from our traditional ethics, our compatriots, military and civilian alike, have developed a consciousness of "people in the same boat, helping each other." When faced with challenges, all keep in mind that "we are sons of China and should try to win credit for the Chinese people." The "win credit" motivation has not only stimulated everyone to greater striving, but has solidified into a spiritual force behind the love for his country and continued national progress. It stems naturally from the emotional wellspring of "pride in being born Chinese."

Of course, in addition to the numerous obstructions and difficulties we have encountered in our national development, there have also been mistakes and defective programs. Nevertheless, because we have adhered to our cardinal national principles, we have attained equality of political rights for every citizen as well as economic opportunities for prosperous livelihoods. This situation starkly compares with the extreme suppression and abject poverty on the mainland -- the fruits of over 30 years of capricious power struggles under the Chinese Communist tyranny. Such sharp contrasts between the visible results of the applications of Marxism-Leninism on the one hand, and the doctrines of Dr. Sun Yat-sen on the other, have given responsible people of the world food for thought:

Why, for instance, does China currently remain divided, and why cannot it be reunified? Separated from us only by the Taiwan Strait, why do our fellow Chinese on the mainland have to endure an impoverished, backward, totalitarian, fear-ridden society, while their counter-parts in Taiwan, Penghu, Kinmen, and Matsu enjoy free, happy, peaceful, and prosperous lives? Being all Chinese, why are their lots so different?

In a nutshell, the differences result from the gap between our system, based on the three Principles of the People, and the communist system: between benevolent government and tyrannical government. It is the two different systems that have divided China, not the Taiwan Strait or any other factor.

Recently, as you know, the Chinese Communists have gone all out to propagate their "one country, two systems" idea. In fact, this scheme is doomed to failure for several obvious reasons: the Chinese people on this free island will never compromise their system with the communist system; the Chinese overseas will never accept the communist system; and the Chinese people on the mainland will not tolerate communist rule forever.

Just think for a moment about the scenario in which our experiences and achievements in Taiwan were being applied to the mainland which would then be turned into a free, democratic, and reunified new China under the three Principles of the People. Considering the huge territory, population, and natural resources of the mainland, how much greater well-being would the Chinese people then enjoy? How much greater contribution would they make to the world?

In today's world, there still exist immense differences between the rich and the poor, the strong and the weak, the advanced and the backward; and between democracy and totalitarianism, and freedom and slavery. These widening differences have become the reason behind global instability. It is our view that whether these problems can be solved or not depends upon what the political, economic, and social systems adopted in the affected nations are.

Take the experience of this Party's course of development for example. We have grasped a very key point: the people's well-being is the core factor of history. We have resorted to rational, moderate, and gradual reforms without class struggles or social conflicts and contradictions; instead, the different interests of a pluralistic society have been reconciled. As a result, we continue to progress, moving our society from among the less-developed to the status of a rapidly developing, technologically advancing country. As we have developed a successful path, our experiences are naturally worth the attention and reference of other countries.

Today, a great many people in the world are now aware that after over 30 years of practice on the Chinese mainland, Marxism-Leninism and the communist system have recorded only complete failure. But what a disaster that failure has been for the Chinese people! What a terrible toll in lives, in blood, and in tears that failure has taken! And even now, the catastrophe continues.

The Chinese Communists, indeed, have been finally forced to grudgingly confess that "Marxism-Leninism cannot resolve all the problems of China." Regardless of how sincere that limited admission may be, it abjectly fails to cloak the evident, unsavory record of Chinese Communism -- such massive calamity for our country and people. It is not only for lunging the mainland into its bottomless abyss of poverty that the Chinese Communists have now to answer; there are also:

-- The inherent Chinese Communist manifestations of constant struggle, which have involved all the people of the mainland in a cycle of ceaseless feuds, including not only the factional power struggles among the communists themselves, but also even between parents and children, families and relatives, and teachers and students: Such struggles have ruined traditional Chinese ethics and morals and ravaged the Chinese cultural heritage, and are, accordingly, despised and rejected by all Chinese people.

-- The rigorous Chinese Communist totalitarian rule, which has deprived the people of their basic freedoms, including the freedoms of both speech and silence; most of Chinese Communism's opponents have either been purged or killed. According to statistical estimates from numerous sources, tens of millions of lives have been taken by the tyrannical Chinese Communist regime in the past three-plus decades -- an atrocity unparalleled in human history.

-- Attempts to carry out "world-wide revolution," which the Chinese Communists have launched, beginning in Asia, by exporting revolution to other countries through infiltration and subversion: they fought with North Korea against the United States, became involved in the Vietnam war, supported communist rebels in Southeast Asian countries, stirred up troubles in other areas of the Third World, and generally did great damage to the cause of world peace -- they became a wellspring for world afflictions.

All Chinese people with consciences condemn the Chinese Communists for their offenses. Still, the communists are very good at covering their tracks. They manipulate the so-called dialectics and contradictions to confuse people around the world and to mislead the Free World into adopting injudicious policies as a result of misguided impressions of the true Communist essence, many free countries, for instance, have been deceived into seeing the Chinese Communist Party as somehow different from its Communist peers, and thereby as some kind of counterweight against its sister regimes in the international balance of power. This misguided thinking has already sowed the seeds for future world problems.

We Chinese, having directly suffered from the misdeeds of the Chinese Communists, are in the best position to understand them. The lessons learned from our bitter experiences and from the course of our anti-Communist struggles have served to unmask their customary united-front strategy. In addition, we want specifically to expose other Chinese Communist ploys:

-- The Chinese Communists constantly point to the strawmen of "true" and "pseudo" Marxism. Their own atrocities of the past are now shrugged off as some kind of "deviant executionism," or "pseudo-Marxism." This is a verbal smoke-screen, a sophistry to cloak the bankruptcy of Marxism.

-- The Chinese Communist regime now pretends to be "open-minded," criticizing areas of Marxist-Leninist doctrine as out-moded. In reality, it hopes to cover up its failures and sins, and weaken the determined resistance of the anti-communist communities. Also evident now are those Communist Chinese internal power struggles arising from their attempted "economic-reforms." The regime is on the brink of a critical dilemma: whether or not it should continue to implement Marxism-Leninism. For fundamentally, within the strait-jacket of Marxism-Leninism, the Chinese Communists will never be able to become truly "open-minded."

-- In order to deceive people around the world, the Chinese Communists fabricated the grotesque slogan, "developing a socialism with Chinese characteristics," and coupled it with a strawman of "modernization." It has also appealed to "patriotism" and "nationalism" in an attempt to woo overseas Chinese. However, we Chinese are not blind; we know fully well that Marxism-Leninism know of no concept of country and national consciousness -- that although the Peking regime calls itself China, it is actually anti-China.

-- Among the most imprudent of the Chinese Communist's ploys is their propaganda-labeling of Dr. Sun Yat-sen's nation-saving philosophy as the "old-fashioned three principles of the People."

And they have tagged Dr. Sun Yat-sen's short-term policies of 1924 -- of "allying with the Soviet Union, accommodating the Chinese Communist party, and assisting farmers and workers" -- as a "new three Principles of the People." That is indeed an absurdity. In reality, Dr. Sun had long before unequivocally rejected the violent means advocated by Karl Marx, and had pointed out quite emphatically that the communist system was unsuitable for China. How can people around the world possibly be deceived by such spurious labeling -- "old-fashioned" or "new?"

Despite all Peking's maneuvers, the fact remains that the communist system has run into a blind alley. If the communist regime does not fundamentally reform itself, it is doomed to growing chaos. However, if the communist regime does make fundamental reform, it is bound for self destruction. History, in recording those events behind human successes and failures, enables us to better understand ourselves and others. From our bitter experiences with the Chinese Communists, we have come to understand our enemy and have learned some hard lessons.

History has specifically taught us this lesson: freedom cannot co-exist with slavery, nor can democracy with totalitarianism. Accordingly, we declare we will never compromise with the Chinese Communists. We are firm in this stance because this Party is responsible for the fate of our country, for the security of this bastion of national revival, and for fulfilling the aspirations of all of the Chinese people. In fact, it is our insistence and persistence that have defeated the Chinese Communist united-front tactics and those communist strategy intended, in effect, to reverse the mandate of "survival of the fittest" as it surely applies to our two contending systems.

China must be reunified, by only under the Three Principles of the People. This position will never change!

Looking back to World War II, the Allied victory wiped out Axis dictatorships led by the Nazis. Unfortunately, on another battlefield of ideology and political strategy, the free countries retreated and were defeated again and again. We allowed Marxism-Leninism and the communist regimes -- which are more tyrannical than the Nazis and have done greater damage to world peace and welfare of mankind -- to take over one country after another.

More unfortunately still, although the communist regimes have greatly expanded since World War II, taking over one-third of the world in both population and area, the Free World's determination to unite against this patent communist threat is far weaker than during the War against the Nazis. This is a key problem in today's world situation.

Many people believe that as far as international relations are concerned, pluralism has now replaced polarized rivalry. They contend that divisions within the communist camp, conflicts of interest in the democratic community, the rise of the so-called "Third World" countries, and impasse in the nuclear arms race have completely transformed the global strategic situation.

The consensus of members of our party, on the other hand, is that although the world situation today appears complex, the underlying conflicts of democracy versus dictatorship and freedom versus slavery remain unchanged. The distinction in essence is so profound and so incompatible that they leave no room for compromise and appeasement. To defend democracy and freedom, therefore, one has to be staunchly anti-communist.

If we allow communist forces to expand, we in fact allow freedom and democracy to shrink. That is why the Republic of China has not only identified fully with the democratic community, but insisted on an anti-communist national policy.

Now looking at the significance of the Republic of China's continuing struggle in Taiwan and its influence on the world situation, the opinion of our party is that in the strength and firmness of the Republic of China, there are the following solemn and encouraging implications:

1. The backwardness of the Chinese mainland, after over 30 years under oppressive rule, not only demonstrates that the Communist system is a total failure, but also highlights the superiority and suitability of the Three Principles of the People. The Chinese people are confident that the torch of Chinese culture has passed on to the Republic of China on Taiwan and the success there has revived their hope for the future of China.
2. The Chinese Communists' inability to subjugate Taiwan, Penghu, Kinmen, and Matsu thwarted their expansion in southeast Asia, and blocked their ambition to communize all Asia. The Republic of China has indeed proved itself a bulwark of freedom and democracy in the Pacific.
3. The Republic of China is the key to the return of the Chinese mainland to the Free World. The Chinese on the mainland are unwilling to be enslaved by the communists forever. They will not be indefinitely misled by the communists' "reforms." Nor could they, in the Marxist context, actually emulate the political and economic models of the West. However, they do long for the progress and prosperity achieved on Taiwan. As fellow Chinese they deserve the same quality of life. The appeal of the "Taiwan experience" will become the motivating force of the mainland people as they overthrow the communist tyranny.

In recent years, the Free World has been hoping that the Chinese Communist regime would truly open its door and mind as it accepted various forms of assistance from the West. But as history has shown, although the West provided enormous military and economic assistance to the Soviet Union, especially from the 1920s to the 1940s, it remained an implacable enemy. From our many years of hard experience with the communists, we can say with certainty that all that hope that the Chinese Communist regime will one day really open up will come to nothing. The assistance extended toward such a transformation is once more mistaken, and may well help it, instead, to consolidate another giant communist empire which poses an even greater threat to the Free World.

Of course, a strong and prosperous China would be a boon to world peace; but that should not be a China under the communist system. The Chinese Communist regime cannot possibly modernize its political structure and system and remain communist, hence we cannot expect any change of its essence. If the free World assists not the people in slavery, but the regime which enslaves them, it will not only prolong the suffering of the enslaved but may finally extend that suffering to other peoples. The Republic of China on Taiwan enjoys prosperity and progress and gets along well with other countries. Therefore, there is no such thing as the "Taiwan problem." What we have is a "China problem" -- a problem of how to reunify China.

Yes, there is only one China. It is a China that must be reunified, but only under a system in clear accord with the Three Principles of the People, which would benefit both the nation and the people. Only in that way can there even be a truly free and democratic China to make a positive contribution to world peace.

We affirm what day is coming soon. From the rise and decline of Dynasties, we have learned that it is a rule of Chinese history that "Those rulers who win the hearts of the people will prosper, and those who lose them will perish," and that "benevolence is invincible, and tyranny is fated to perish." The Chinese Communists will not escape this mandate.

When China is reunified under the Three Principles of the people, we are sure it would make a very positive contribution to the Free World: Such a China would dedicate itself to Dr. Sun Yat-sen's ideas -- that "the world is for all" and usher in the "age of a Great Global Commonwealth of Peace and prosperity." We will cooperate with the international community on the basis of equality and reciprocity and in the spirit of moderation, honesty, and sincerity implicit in Chinese culture. And to the best of our abilities, we will shoulder all our international responsibilities and contribute to long-lasting world peace.

In recent centuries, the Chinese people have endured much distress. As we meditate on Dr. Sun Yat-sen's cause of national revival, and review the revolutionary process of nation-building over the past century, we see the way has been hard and rough, but pervaded with high hopes and ideals.

And now the Kuomintang wants to reiterate in all sincerity the following statements:

-- Our friends in the Free World should realize that current global disturbances bear a direct relationship to communist expansionism. In particular, the Free World, misled by Communist Chinese duplicity, underestimates the long-term threat of an Asia being communized -- a certain disaster for all free men. The Republic of China's firm anti-communist policies are directed toward preventing such an occurrence, and also to achieve the reunification of China under the Three Principles of the People, thereby eliminating Asian communism at its roots. The community of democratic nations should make an effort to understand the significance of our endeavors on this bastion of national revival, and the fact that the ROC'S basic security has a direct relationship to the Free World remaining free. It would be a great benefit to all mankind if the free nations were able to realize a common anticommunist strategy as a result of such understanding.

-- Chinese all over the world, especially our suffering compatriots on the mainland, must be aware of the evil nature of the Chinese Communists and disastrous results of communist rule in China. All Chinese should join in our efforts to strengthen the overall anti-communist position via concrete actions. Let us raise high the banner proclaiming that "Patriotism requires anti-communism, and anti-communist action means patriotism." Today, a reunified China under the Three principles of the People has become the universal aspirations of all Chinese, at home and abroad, as well as the basic national policy of the Republic of China government. We hope all will dedicate themselves to working together to achieve this historic mission, so that our national flag may fly over the China mainland at the earliest possible date!

-- I want to put all Chinese Communist Party members and cadres of the regime on notice, that in the false name of the "People's Republic," you have persecuted and slaughtered many fellow Chinese in implementing the "communist dictatorship," only to maintain your own privileges and satisfy your greed for power. Thirty-odd years of communist rule on the Chinese mainland has brought only extreme suffering and poverty.

And, also, you must be aware that traditional Chinese culture is deeply rooted in the minds of our people, it is impossible for the Chinese to accept Marxism-Leninism. Regardless of your endless propaganda gimmicks, whether it is "one country, two systems," or "persistence in the Four Cardinal (Marxist-Leninist-Maoist) Principles," you will not be able to deceive them forever. It only shows that you are running out of your tricks and are wasting your time. Your only viable recourse is to denounce Marxism-Leninism and switch to the Three Principles of the People for the reunification and reconstruction of China.

To sum up, there is only one wish for us all: that is to rebuild a united, free, and democratic China so that all Chinese may live and work in peace and contentment. Such a China, reunified under the Three Principles of the People, would contribute significantly to Asian and world peace and stability. I earnestly hope all Chinese, everywhere, should unite and strive for the realization of this wish.

In the meantime, I hope the Free World will take due note of the fact that the Republic of China's efforts are laying the foundation for world peace and the welfare of mankind, and that it will offer much-needed support and encouragement to the billion-plus Chinese of the world so that we can better accomplish our vital historical goal of a China reunified.

FOREIGN MINISTER WARNS AGAINST PRC STRATEGY

OW030726 Taipei CHINA POST in English 31 Mar 86 p 12

[Text] Minister of Foreign Affairs Chu Fu-sung yesterday warned that mainland China is trying to isolate the ROC [Republic of China] from world communities, to downgrade it into a local government, to seal off the Taiwan Straits to force peace talks and finally to occupy the ROC. The ROC government, in the face of this malicious enemy, should stick to its "no compromise, no contact and no talks" policy to defeat Peking's united front tactics. Chu made the remarks in his report to the Third Plenum party caucus yesterday afternoon. The world situation is unstable, Chu analyzed, because of the free world's fear of nuclear war and its delusions about communism. According to Chu, mainland China has four aims in launching united front tactics against the ROC.

First, Peking tries to undermine the ROC's official ties with friendly nations as evidenced by the severance of diplomatic relations by Bolivia and Nicaragua. Second, Peking also stepped up its efforts to damage the nation's unofficial ties with several countries that have switched their diplomatic recognition from Taipei to Peking. Its intention to undermine Taiwan Relations Act by calling on the U.S. to suspend arms sales to the ROC is an example. Mainland China also has tried to banish the ROC from world communities like the Asian Development Bank (ADB).

Chu reiterated that the ADB's admission of Peking as a member and that it request for the ROC to change its name to "China Taipei" has violated the ROC's national policies. He elaborated that through the ADB formula, Peking was trying to use the "one country, two systems" ploy on the ROC. "If the ROC accepts the arrangement, Peking will force us to peace talks," he asserted. He warned that both Teng Hsiao-ping and Hu Yao-pang have more than once declared that Peking will not rule out the use of force against Taiwan when they find it impossible to take over Taiwan peacefully. Thus, though measures may be changed in the future, none of the policies should violate the nation's fundamental positions, he added.

The minister reiterated that though the ROC withdrew from the United Nations in 1972 and only 23 nations maintain diplomatic ties with the ROC, the nation's contribution to the world has been recognized. He stressed that in addition to reinforcing diplomatic and unofficial ties, the ROC will augment support for newly risen nations and upgrade the ROC's status in the world.

'TEXT' OF LI PENG, YAO YILIN PRESS CONFERENCE

HK040736 Hong Kong TA KUNG PAO in Chinese 4 Apr 86 p 7

["Special dispatch" by reporters Hou Donghai and Gong Shuangyin: "Yao Yilin, Li Peng, and Du Runsheng Answer Reporters (Full Text)"]

[Text] Beijing, 3 Apr -- Vice Premiers of the State Council Yao Yilin and Li Peng and director of the agricultural development research center [as published] of the State Council Du Runsheng this morning held a press conference at the Great Hall of the People and answered the questions raised by Chinese and foreign reporters.

At the beginning of the press conference, Yao Yilin gave a brief speech. He said: First, we welcome all of you today; second, you may raise questions; and third, Vice Premier Li Peng will be the main speaker today.

Then, Zeng Tao, who presided over the conference, required the reporters to use 15 minutes to concentrate on raising questions. Chinese and foreign reporters raised more than 20 questions about the Sanxia project, nuclear power stations, financial and monetary affairs, the Tiananmen Square incident, and the rectification of party style. The text of the questions and answers are as follows:

Li Peng: In accordance with Comrade Yao Yilin's proposal, your questions will first be answered by me. If I say anything wrong, he will give a correction. He is a senior vice premier.

Question About Compulsory Education

Question: The formulation of the law on compulsory education is a good thing, but people may ask how China will implement this law in such a large country. It is said that some localities have even diverted funds earmarked for education to other purposes.

Li Peng: Yesterday, we submitted the law on compulsory education to the NPC session, and I explained this law to the meeting. China is a large country with a population of 1 billion people, and economic and cultural development in all parts of the country is uneven. Therefore, it is not realistic to require all localities to effect 9-year compulsory education at the same time. The policy we have adopted is to seek truth from facts and to make arrangements in light of local conditions. In economically developed areas, we expect 9-year compulsory education will be effected by 1990; in areas where the economy is developed to an intermediate degree, we will strive to effect 9-year compulsory education by 1995; and in some economically underdeveloped areas, we will complete the popularization of elementary education by the end of this century.

There are two issues that must be solved in order to effect compulsory education. One is the issue of funds, and the other is the issue of teaching staff or the quality of teachers. To solve these two issues, we have yet to do a lot of work. During the Seventh 5-Year Plan, our educational funds will reach 116.6 billion yuan, or increase by 70 percent. This growth rate will exceed the growth rate of our national economy. Even so, we do not think that the funds for education are sufficient. We are prepared to impose an additional taxation for education in cities and in the countryside. At the same time, we will mobilize all the strengths in society, including enterprises, institutions, and individuals, to give financial support to our educational undertaking. Of course, we also welcome contributions from our overseas compatriots, Chinese nationals residing abroad, and other overseas people who are willing to help China develop her education undertaking.

It is a pity that a number of units and organs indeed have diverted our insufficient funds to other purposes. We will fight against this kind of bad thing and will take concrete and strict measures to check such things.

The Number of Ministries and Commissions in the State Council Has Not Been Increased

Question: At present, the number of central organs in China is even larger than that in 1982, before China began streamlining her administrative structure, and there are more state functionaries. Will China carry out any further structural reforms?

Li Peng: As far as the administrative structure is concerned, we have a general principle for guiding our structural reforms. That is, our government organs will gradually change from organs which directly manage enterprises and institutions into organs which merely perform administrative functions and play a role in macroeconomic management and control. For example, the Ministry of Machine-Building Industry and the Ministry of Electronics Industry have handed over all enterprises which were previously under their direct management to localities. At present, there is a total of 45 ministries and commissions in the State Council, and this number has not been increased. With the in-depth development of the reforms, I think that the number of these organs will be reduced rather than increased.

Question: Will the Sanxia project be started? When will it be started? Will Sanxia Province be founded?

Li Peng: The Sanxia project will be a great project which will achieve comprehensive results in preventing floods, generating electrical power, and facilitating navigation. This project is not only related to our present modernization program, but will also have a great bearing on the well-being of our future generations. In general, the Chinese Government's attitude toward this project is first, positive and second, very prudent.

At present, no official decision has been made on whether to start this project. We have taken more than 30 years to do preparatory work and to collect a great deal of scientific and technical expertise; we still have to appraise some matters. For example, silt remains a technical question, and we must appraise its influence on navigation. The State Council will set up a special assessment commission to deal with various technical questions concerning the Sanxia project, and will invite many famous domestic experts to participate in the commission. At the time of making assessment, we will listen fully to all different opinions. We will not only listen to the opinions of our domestic experts, but will also consult some experts in other countries which have experience in building hydropower stations. The results of all the assessment will be promptly submitted to the NPC Standing Committee and the CPPCC National Committee for consultation. The final results will also be submitted to the NPC session.

At present, there is no plan to set up Sanxia Province. The preparatory group for Sanxia Province is merely a functional organ within the State Council and no real administrative authority has been granted to it. Its main task is to make investigations, plan economic development, and carry out some pilot projects for population resettlement.

A Delegation Will Be Sent to the Soviet Union to Inspect the Construction of Nuclear Power Stations

Question: During the Seventh 5-Year Plan, will China go all out to develop nuclear power stations? Will China plan to cooperate with the Soviet Union in building some nuclear power stations?

Li Peng: China's electricity generation will still mainly rely on thermal power stations and hydropower stations. Nuclear power stations will be merely a supplementary means, and there will be no large-scale nuclear power generation program. However, as China has established an integrated nuclear industrial system and as nuclear power generation is a rather advanced means of energy production, China will develop some nuclear power stations and will develop the nuclear power industry to an appropriate degree. This principle has not changed. For example, we will mainly rely on our own strength to build the first medium-sized nuclear power station, with a generating capacity of 300,000 kilowatts, in Qinshan District, Haiyan County or Zhejiang Province; this power station will be designed and manufactured by us. We will also build two 900,000-kilowatt nuclear power stations [as published] at Daya Bay in Guangdong Province by making joint investment with Britain [as published]. We have now delayed the plan to build a large-scale nuclear power station on the banks of the Chang Jiang in southern Jiangsu, a place near Wuxi City, although we have held preliminary negotiations with the FRG and France on the construction of this power station. The reason is that after comparing the sites in Qinshan and in southern Jiangsu, we found that the Qinshan site has more favorable conditions for future expansion. At the same time, our investigations also show that China possesses the necessary abilities to build nuclear power stations with a generating capacity of 300,000 to 600,000 kilowatts on its own. Therefore, we will mainly rely on our own strength in the construction of nuclear power stations, while seeking technical support and cooperation from other countries, and will change the method of purchasing whole plants from abroad. That is to say, we will continue technical cooperation with the FRG and France in future nuclear power projects.

Recently, China and the Soviet Union held the first meeting of their economic, trade, scientific, and technological cooperation committee. The issue of building nuclear power stations was also mentioned at this meeting. The two sides agreed that China will send a delegation to visit Soviet nuclear power stations. I do not think that there is anything surprising in this plan. This kind of inspection is of a purely technical character. We have inspected many nuclear power stations in the United States, Japan, the FRG, France, Britain, and Brazil. It is now still too early to say whether we will cooperate with the Soviet Union in constructing nuclear power stations. Any plan will be made only after the inspection, and no cooperation plan has been put on our work agenda yet.

Question: Will China decide to build a nuclear power station with a capacity of 10 million kilowatts by the end of this century?

Li Peng: We have not gone so far as to decide anything about how many nuclear power stations we will build by the end of this century. Everything concerning this is merely under discussion. After we adopt the principle of mainly relying on our own efforts, we may quicken the pace of nuclear power station construction, and may build more. But all this has to be determined by how things develop.

Decline in Oil Prices Has Advantages and Disadvantages

Question: What influence has the decline in oil prices on economic construction and the foreign exchange revenue of China?

Li Peng: Of course the slump in oil prices will affect our foreign exchange revenue somewhat, but we think the slump has both disadvantages and advantages. The disadvantage is the decrease in China's foreign exchange revenue derived from the export of oil. Anyway China is not a major oil exporting country -- we export only about 30 million tons a year. But the slump in oil prices will, in consequence, also bring about changes in the prices of some commodities that China needs to import.

Question: What do you think about the deficit in Sino-Japanese trade?

Li Peng: The trade between China and Japan ranks first in volume of trade between China and other countries. The tremendous deficit in trade between China and Japan, in our opinion, should not exist for long. We hope that both the Chinese and Japanese sides will take joint action to increase China's exports to Japan.

Development of Cooperation Between China and Brazil

Question: What is China going to do to strengthen economic cooperation with Brazil?

Li Peng: China is now implementing a policy of opening up to the outside world and is willing to enter into cooperation with all countries. We implement the opening-up policy to both capitalist and socialist countries, and to both developed and developing countries. Brazil is a big Latin American country which has made tremendous progress in economic and technological fields in the past few years. We believe that there are broad prospects for economic and technological cooperation between China and Brazil. Premier Zhao Ziyang's visit to Brazil last year was successful, and, as a result of this visit, economic relations and trade between our two countries will boom.

Question: Why were you in Shanghai rather than Beijing earlier this year when the 8,000-people conference [as published] was held?

Li Peng: This is a really interesting question. I think this was a coincidence as I was then handling some issues in Shanghai by order of the State Council. In fact not all the members of the State Council, the CPC Central Committee, and the CPC Central Committee Secretariat participated in this conference. As a member of the State Council and the CPC Central Committee, I wholeheartedly support this conference. In my opinion, this was a very important conference. In the months since the conference, we have found that the conference has had far-reaching influence on and has played a very useful role in the rectification of party style, and the processing of major and important cases. The masses are satisfied with the results.

Normal Business Operations Is Protected

Question: China has banned children and spouses of cadres from doing business. Will this slow down the process of invigorating the economy?

Li Peng: Our purpose in rectifying unhealthy tendencies within the party and society and in dealing blows at criminal activities in the economic field, is not to change our policy of opening up to the outside world but to ensure a healthier development of the policy. We do not indiscriminately oppose establishing companies and doing business but oppose the practice of using one's official power to seek staggering profits in violation of the laws, doing business in an unlawful way, and opening such companies. Therefore, all normal economic activities, all normal operation of companies, and all normal commercial activities are subject to protection by law.

We will take measures to rectify what should be rectified and protect what should be protected, so as to ensure that the operation of dealing blows at criminal activities in the economic field and the drive of rectifying unhealthy tendencies will proceed along the right track. For example, some of our state organs and enterprises are allowed to do business. These organisations have their own auditoriums and bathhouses, and they also have to take care of some youths awaiting jobs. They are allowed to organize these youths to run tertiary industries and to open their auditoriums and bathhouses to the public. All these legal activities relating to tertiary industry should not be banned but protected. There will be a clearer and clearer demarcation line between what should be supported and what should be banned.

On Sino-Soviet Relations

Question: You met Gorbachev in Moscow on your way home from your visit to Eastern Europe last year. How do you think Sino-Soviet relations will develop?

Li Peng: We hope that Sino-Soviet relations will really improve because this will be beneficial to both the Chinese and Soviet peoples as well as to the peace of Far East and the world. Some progress has been made with regard to the relations between China and the Soviet Union in the fields of economics, trade, science, technology, culture, and education. We are satisfied with these developments. Our standpoint is to strive for substantial improvement in relations between the two countries, provided that the Soviet Union takes real action to remove the obstacles to the normalization of bilateral relations. We have noted the remarks which General Secretary Gorbachev made on Sino-Soviet relations in his report to the 27th CPSU Congress, stating that improvement of Sino-Soviet relations should not harm the interests of a third country. We do not think the principle of no harm to a third country should have any specific interpretation. In other words, we do not think this statement should be related to the removal of the three major obstacles. Last year, after my visit to Bulgaria and Czechoslovakia, I visited Moscow on my way home and met General Secretary Gorbachev. We elaborated on our own standpoints on some international issues and Sino-Soviet relations during our talks.

Question: Will China organize any activities to mark the 10th anniversary of the Tiananmen Incident this year?

Li Peng: We plan to organize some activities on an appropriate scale to mark the anniversary. The Tiananmen incident was a movement organized by the broad masses of the people, inspired by the party's correct line, to protest against the perverse acts of the "gang of four," to commemorate Premier Zhou, and to support the correct line represented by Comrade Deng Xiaoping. A comprehensive evaluation of the role of this incident is available in the "resolution on certain questions in the history of our party since the founding of the PRC" adopted by the 6th Plenary Session of the 11th CPC Central Committee. The party has adopted the correct line, principles, and policies, and has achieved great economic successes since the downfall of the "gang of four" and the 3d Plenary Session of the 11th CPC Central Committee. All this is obvious to all. As times change and we are faced with different tasks, there is now no need to solve China's current problems in the same way as in the Tiananmen incident. It is based on this understanding that we are going to commemorate the 10th anniversary of the Tiananmen incident.

We believe that Chinese youths and college students support the socialist road, the CPC leadership, and the current reform. It cannot be denied that a small number of students at a small number of schools made trouble last autumn. We were against these activities, but, instead of dealing blows at them, we tried to persuade and educate them and the results were excellent. As for opinions voiced by students, we are ready to accept those correct criticisms and suggestions and to join the students in fighting evil practices, such as unhealthy tendencies and economic offenses. We have identical views in this regard.

The 5 April Movement and the 5 April Spirit

Question: We hear that in your document commemorating the 10th anniversary of the Tiananmen incident, you do not mention the "5 April Movement" and the "5 April spirit." Why?

Li Peng: I should like to reiterate that the historical role played by the Tiananmen incident has been completed, and that it is over. At that time, it opposed the erroneous line.

We are now implementing a correct line and a correct policy, which both enjoy the support of the support of the people. Although we have some shortcomings and made mistakes, they can be overcome in various ways. China is carrying out its construction. It needs a peaceful environment with regard to its foreign relations. It also needs a situation characterized by stability and unity at home. Without all these, it is impossible for China to smoothly carry out its four modernizations program.

We will have commemorative activities tomorrow, and important speeches will be delivered. If you are not satisfied with my explanation, you will get more explanations and information from those activities.

The Problems of Personnel Changes

Question: Will there be any major personnel changes in the present NPC session, or the 13th CPC National Congress next year?

Li Peng: There will not be any personnel changes in the present NPC session. As for the 13th CPC National Congress, I think that it is too early to predict what will happen at that time.

Question: Will China take part in the Asian games in Seoul this year?

Li Peng: China has not yet made any decision on this matter. China's State Physical Culture and Sports Commission is consulting with the departments concerned on this matter.

Question: The 3d Plenary Session of the KMT in Taiwan stated that the principle of "one country, two system" is not feasible. Have you any comment on this?

Li-Peng: Today, our broadcasting station has broadcast the statement of the foreign ministry spokesman on this issue. I have nothing now to add. I have answered all question which should be answered, and do not hold back any facts. Am I right?

How Should the Problem of Grain be Solved?

Question: How will China solve the problem of grain in the future? Did some peasants give up grain production?

Du Runsheng: Let me answer the question on grain raised by the AP reporter. Experiences over the past few years have proved that China has the conditions to rely on its own efforts to satisfy internal market demand with regard to grain supply. According to the present food composition of residents, generally speaking, it is good enough to maintain the per capita level of 800 jin annually. It is expected that we can maintain this level. However, we do not rule out necessary international trade in grain. We need the readjustment of grain varieties. We need more of some kinds of grain need but less of others. Therefore, we need international exchanges. Under certain conditions, it is more beneficial to import grain. It is more convenient for certain areas to export grain. We should make use of these conditions in a flexible way.

Last year our grain output dropped by over 10 billion jin due mainly to natural calamities. Peasants were not too interested in planting grain. But this happened only in a very small number of places, and was not a general phenomenon. In places where rural industry and commerce developed, and the value and remuneration of labor changed, the benefits gained from planting grain dropped a bit. But this kind of thing did not happen throughout China. We will continue to use our former effective methods to solve the problem of grain, and rural economic reform should be continued.

These are the most effective and most fundamental measures for enhancing peasants' enthusiasm in production. Our government is always paying attention to changes in the benefits peasants gain from grain production. It pays attention to using price readjustment to protect their interests so that peasants engaged in grain production will not suffer any losses. Such protective policy is being improved day by day. On the basis of reform, we will carry out agricultural technical reform, and improve basic agricultural facilities. We will make use of modern science and technology results. Our present NPC session will approve the Seventh 5-Year Plan, and we are preparing to make more investment in agriculture. This plan is being submitted to the NPC session for examination and approval. What is more important is that we will make use of the funds accumulated by peasants themselves. Our party and government have always adhered to the slogan: Our national economy should be based on the development of agriculture. I believe that no matter what happens, we will always attach importance to agriculture, because peasants amount to 800 million of our population. When they get rich and their purchasing power has been enhanced, our entire national economy will develop.

Yao Yilin: Vice Premier Li Peng left some questions for me to answer. I will continue to answer these questions now. (Li Peng chips in: Apart from that, I also would like you to correct those incorrect points in my answers).

Question: At the NPC session last year, Vice Premier Yao Yilin said that the government had spent \$2 billion importing high-grade commodities in order to withdraw 8 billion yuan from circulation. What results have been achieved? Do you intend to use the same method to withdraw currency from circulation this year?

Yao Yilin: The reporter from CHINA DAILY asks whether we have achieved results in spending a certain amount of U.S. dollars on buying some high-grade commodities in order to draw currency from circulation. My answer is that we have achieved the results. The reason why we have achieved results is that after withdrawing the capital, we do not regard the profits we gained as financial revenues. We deposited them in the bank. Up to now, we have not used the money. With regard to the ways of using the money, there are, of course, two possibilities. The first possibility is that when our financial budget is not balanced, we will use the money to make up the deficiency. The other possibility is that if the balance of our financial budget can be maintained, we may use the money to pay back funds overdrawn from banks. Anyway, the money is deposited in the banks, and this has reduced the currency amount issued by the banks. At present, this is an important factor contributing to the stability of the prices of goods. Should we also do so this year? Since things have returned to normal this year, it is not necessary to adopt this special measure. This year, we have not yet completed selling imported goods valued at several billion yuan. We will continue to sell them.

The Enterprise Bankruptcy Law Is Being Drafted

Question: China wants to make enterprises which lose money in their business bankrupt. This is a capitalist method. We should like to ask whether it is possible to enforce bankruptcy law in China?

Yao Yilin: TIME magazine asks about bankruptcy law. The law is being drafted. The State Council has not yet officially approved the law, and neither has it been submitted to the NPC for discussion. Whether this law can be enforced, my answer is: 1) China needs a bankruptcy law; 2) The contents of our bankruptcy law will not be entirely the same as those of the bankruptcy law of the capitalist countries. Now, I am not able to answer whether the bankruptcy law which is being drafted is enforceable. It is because first, this bankruptcy law has not yet been completely enacted. We are now in the process of discussing, amending and drafting it. I can't answer the question whether it is enforceable, because this is determined by our discussions and practice.

Foreign Exchange Certificates and Renminbi

Question: Is China going to abolish foreign exchange certificates?

Yao Yilin: In regard to the question by the UNITED PRESS reporter whether we are to abolish foreign exchange certificates, we are to abolish them, but it takes a fairly long time to make preparations for the abolition of these foreign exchange certificates. For this is not an isolated issue, but is aimed at enabling China's renminbi to become the only currency in circulation within China's territory and abolishing the circulation of not only the foreign exchange certificates, but also all other foreign currencies, such as the U.S. dollar or Hong Kong dollar, in Chinese territory. Moreover, this abolition should facilitate transactions in our foreign trade, tourism, and the exchange of visits among the people. Therefore, it is necessary to do a large amount of preparatory work for this. As for the actual time for the abolition, we have not made any final decision on it, but the preparatory work is underway.

Question: Will renminbi become a convertible currency?

Yao Yilin: As for the question by the reporter from the FAR EASTERN ECONOMIC REVIEW, in my opinion, it is now too early to turn renminbi into a convertible currency. This issue cannot be considered in connection with the issue of the abolition of our foreign exchange certificates. For the former is an issue of greater and more far-reaching significance than the latter. We have not yet given any consideration to this issue.

Question: What is the situation of unemployment in China? Is this a secret? How is this problem to be solved?

Yao Yilin: First, there is nothing secret about this question. Second, at present, unemployment is not serious. Since the third plenary session, we have provided jobs for a lot of people every year. Therefore, as a percentage, the number of unemployed is very small. In some of our cities, a labor shortage can already be felt. Third, China continues to be faced with the necessity of providing jobs for a large number of laborers. Every year, a fairly large number of our rural laborers will move from agriculture to industry and tertiary industry. Therefore, the number of laborers for whom we have to provide jobs remains fairly large. This is due to the rise in agricultural labor productivity and the gradual reduction in the labor force needed in our agriculture. This perhaps will last for a fairly long time in China. At the same time, advanced mechanization suited to China's national conditions continues to be necessary for our agriculture. This process of mechanization also means a process of reduction in the agricultural work force. Our policy for solving this problem is: On the one hand we vigorously develop animal breeding and cultivation farming in our rural areas, and on the other hand, we must vigorously develop township industry and establish small towns so that only a small number of our peasants move to our large cities. Over the past few years, we have constantly been working in accordance with this principle and I assume that in the future we have to continue to act in accordance with this principle.

Turning Houses into Commodities

Question: Clashes have occurred in the Gulf of Sidra in the Mediterranean, and is it possible that clashes will occur in the Black Sea? What is your opinion on this? If a similar incident occurs in an area near China, what will be China's response?

Li Peng: As for the issue of the Gulf of Sidra situation, the Ministry of Foreign Affairs spokesman has already given an answer to the question, and I have nothing new to add. As for the second hypothetical question, I think that we had better not answer hypothetical questions.

Question: In Premier Zhao Ziyang's report, he mentioned the issue of concerning turning houses into commodities. Is there any specific time schedule for this?

Li Peng: As for turning houses into commodities, it is a tentative idea in our reform and also a great step to take. We have not yet studied the plan for this reform or decided when to carry it out.

Rumors About Shen Tu

Question: There are now many rumors about Mr Shen Tu. Can you tell us something about his state of affairs and where he lives now?

Li Peng: What the reporter from the Voice of America asked about were rumors about Mr Shen Tu. As an official of the Chinese Government, I think it is improper to help you to continue to spread these rumors. What I should do is to give responsible answers.

Yao Yilin: I can tell you something which is a fact. Not long ago, I met Comrade Shen Tu at a reception given by the Kuwaiti ambassador.

Question: In the budget for this year delivered by Wang Bingqian, only 6.2 billion yuan was allocated for technological transformation and the development of new products, but more than 10 billion yuan was allocated in the preceding year. Why is there such a great drop at a time when China attaches importance to technological transformation?

Yao Yilin: As for the question put forward by the SOUTH CHINA MORNING POST reporter about our budget, I have not made sufficient study of it. If you want to know more about this question, you can contact Comrade Wang Bingqian's office. I will write down this question and ask Comrade Zeng Tao to pass it to him.

Question: Since Premier Zhao's visit to South America, how many more countries have established diplomatic relations with China? What are the trends of development in this respect for countries who have not yet established diplomatic relations with China?

Yao Yilin: This had better be answered by our Ministry of Foreign Affairs. As far as I can remember, since Premier Zhao's visit to South America, only one more country -- Nicaragua -- has established diplomatic relations with us.

LI PENG 'GOT INTO TROUBLE' FOR USSR VISIT

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[From the "Wind Vane" column by Yu Shi-wen: "Li Peng Gets into Trouble by Visiting Soviet Union"]

[Text] According to well-informed sources, there are signs of a downward slip in the official status of Li Peng, the superstar of the third echelon who has been continuously promoted within the CPC top echelons. And news spreads that in the name-list of vice premiers, Li Peng might have fallen behind Tian Jiyun in order.

Other sources have it that Li Peng got into trouble at the end of 1985. Li Peng began his visit to Europe in December 1985, touring first Western Europe, then Eastern Europe. At a Hungarian official banquet, the Soviet ambassador to Hungary invited Li Peng to stop off in Moscow for a brief stay on his homeward trip, which Li Peng promptly accepted.

As soon as the banquet was over, Li Peng returned to the Chinese Embassy and reported the Soviet invitation to Beijing, asking for instructions, but telling them at the same time that the invitation had already been accepted. The authorities said that as the invitation had already been accepted, he might as well go. So on his homeward trip, Li Peng met Gorbachev. It is said that Deng Xiaoping became very angry when he learned about it, and issued a particular instruction that from now on all officials at and above vice ministerial level must first obtain approval for any brief stay in the USSR during trips before leaving the country. Among the four current vice premiers, the original order of the namelist was Wan Li, Yao Yilin, Li Peng, and Tian Jiyun. Both Li Peng and Tian Jiyun joined the Political Bureau during the National Conference of Party Delegates last year. In the Secretariat namelist, Tian Jiyun comes before Li Peng. Although it is said that Li Peng has "got into trouble," he has continued making appearances of late. He first met the U.S. secretary of energy, and then Arkhipov, first vice-chairman of the Council of Ministers of the USSR, in mid-March.

When Chernenko, the former CPSU chairman, passed away in March 1985, Li Peng was sent to the Soviet Union to attend the funeral, and it was thought he would then be further promoted. Although the CPSU has adopted a more relaxed attitude in its external policies since Gorbachev took office, and repeatedly expressed the wish to improve its relations with Beijing, the news that Li Peng, who studied in the Soviet Union in the fifties (attending the same university as Gorbachev) has "got into trouble" for visiting the Soviet Union is no small matter to the CPC top echelons.

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